

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

SCHATZI CORPORATION, YKG CORPORATION, KG715 INCORPORATED and S&D DINING GROUP LLC, individually and on behalf of all others similarly situated,	:	
	:	
Plaintiffs,	:	CLASS ACTION
	:	
v.	:	JURY TRIAL DEMANDED
	:	
INDEMNITY INSURANCE COMPANY OF NORTH AMERICA,	:	
	:	
Defendant.	:	

CLASS ACTION COMPLAINT

Plaintiffs Schatzi Corporation (“Schatzi”), YKG Corporation (“YKG”), KG715 Incorporated (“KG715”) and S&D Group Dining LLC (“S&D”) (collectively “Plaintiffs”), both individually and on behalf of all others similarly situated, file this Class Action Complaint against Defendant Indemnity Insurance Company of North America (“Defendant”), and in support state the following on information and belief based on reasonable investigation and discovery, except where specifically identified as being based on personal knowledge:

INTRODUCTION

1. On personal knowledge, Schatzi is a New York corporation that owns and operates the restaurant *Wallsé* located at 344 West 11th Street, New York, New York 10014.
2. On personal knowledge, YKG is a New York corporation that owns and operates the restaurant *Café Sabarsky* located at 1048 Fifth Avenue, New York, New York 10028.
3. On personal knowledge, KG715 is a New York corporation that owns and operates the restaurant *Upholstery: Food and Wine* located at 713-715 Washington Street, New York, New York 10014.

4. On personal knowledge, S&D is New York limited liability company that owns and operates the restaurant *Come Prima* located at 903 Madison Avenue, New York, New York 10021.

5. On or about October 2, 2019, Schatzi, YKG and KG715 purchased a commercial policy of insurance issued by Defendant Indemnity Insurance Company of North America bearing policy number MCRD3829523A.

6. On or about February 2, 2020, S&D purchased a commercial policy of insurance issued by Defendant Indemnity Insurance Company of North America bearing policy number MCRD42195339.

7. The Policies¹ are each bilateral contracts: Plaintiffs agreed to pay monthly premiums to Defendant Indemnity Insurance Company of North America in exchange for Defendant's promises of coverage for all risks of loss except those specifically and unambiguously excluded.

8. Plaintiffs reasonably expected that claims for loss of business income and extra expenses arising from the physical inability to use their insured premises would be paid unless specifically and unambiguously excluded.

9. Specifically, the Policies' Business Income (And Extra Expense) Coverage Forms (CP 00 30 10 12) protected Plaintiffs against the actual loss of business income due to a suspension of Plaintiffs' respective operations. Along with this business income coverage, Plaintiffs also had in effect a "Restaurant Enhancement Endorsement" under which Defendant Indemnity Insurance Company of North America promised to pay necessary expenses incurred by Plaintiffs, in addition to the actual loss of business income sustained during a period of restoration, that Plaintiffs would not have otherwise incurred if there had been no direct physical loss of the property.

¹ Attached as **Exhibit A**.

10. The Policies' Business Income (And Extra Expense) Coverage Forms (CP 00 30 10 12) also provided additional "Civil Authority" coverage, under which Defendant Indemnity Insurance Company of North America promised to pay for loss of business income Plaintiffs sustained and necessary "Extra Expense" Plaintiffs incurred caused by actions of civil authorities "that prohibit[] access to the described premises."

11. Plaintiffs complied with their obligations under their respective Policies by timely paying all premiums required.

12. Effective March 16, 2020, pursuant to an Executive Order of the Governor of New York, Plaintiffs were forced to close their restaurants located in New York City.²

13. As a result of the Orders of the various civil authorities, Plaintiffs suffered, and/or continue to suffer, significant and injurious losses and expenses directly related to the physical inability to use the premises covered by their respective Policies.

14. The Policies obligated Defendant Indemnity Insurance Company of North America to provide coverage for, and to pay, business income losses and extra expense losses resulting from the suspension of Plaintiffs' respective operations, including suspensions resulting from the actions of civil authorities.

15. Schatzi, YKG and KG715 reported notice of their losses to Defendant Indemnity Insurance Company of North America on March 17, 2020.

16. In response, on May 12, 2020, Defendant Indemnity Insurance Company of North America reneged on its promises and wrongfully failed to fulfill its contractual obligation to provide coverage for, and pay, Schatzi, YKG and KG715's business income losses and extra expense losses resulting from the suspension of their operations, including suspensions resulting from the actions of civil authorities. Defendant Indemnity Insurance Company of North America's

² See March 16, 2020 Executive Order, attached as **Exhibit B**.

actions in improperly denying Plaintiffs' claims were a blatant disregard for Plaintiffs' contractual rights and resulted in a material breach of Indemnity Insurance Company of North America's duties and obligation owed under the Policy thus depriving Plaintiffs of the benefit of their bargain and causing serious financial damages to Plaintiffs.

17. Like many other policyholders, S&D was actively discouraged from tendering a formal claim to Defendant Indemnity Insurance Company of North America given its systematic practice of wrongfully, capriciously and arbitrarily denying coverage and payments to insureds that suffered business losses as the result of various shutdown orders. However, on information and belief, Defendant Indemnity Insurance Company of North America was on notice, actual or constructive, of S&D's losses given its knowledge of the various shutdown orders that affected restaurants, bars and other eateries in the state of New York, specifically, and the nation, more generally.

18. Indeed, on information and belief, there are hundreds, if not thousands, of restaurants, bars and other eateries insured by Indemnity Insurance Company of North America. On further information and belief, Indemnity Insurance Company of North America specifically targets restaurants such as Plaintiffs', and many other such businesses have the same or similar policies issued by Indemnity Insurance Company of North America providing the same or similar business income, extra expense coverage and extended business income coverage. Plaintiffs believe, and therefore allege, that Indemnity Insurance Company of North America has also wrongfully, capriciously and arbitrarily denied coverage and payments to these other small businesses.

THE PARTIES

19. On personal knowledge, Schatzi is a corporation organized under the laws of and existing in the state of New York. Schatzi has a principal place of business located at 344 West 11th Street, New York, New York 10014.

20. On personal knowledge, YKG is a corporation organized under the laws of and existing in the state of New York. YKG has a principal place of business located at 1048 Fifth Avenue, New York, New York 10028.

21. On personal knowledge, KG715 is a corporation organized under the laws of and existing in the state of New York. KG715 has a principal place of business located at 713-715 Washington Street, New York, New York 10014.

22. On personal knowledge, S&D is a limited liability company organized under the laws of and existing in the state of New York. S&D has a registered business address of 903 Madison Ave, New York, New York 10021.

23. Defendant Indemnity Insurance Company of North America is a corporation organized under the laws of Pennsylvania with its principal place of business located at 436 Walnut Street, Philadelphia, Pennsylvania 19106.

JURISDICTION AND VENUE

24. This Court has subject matter jurisdiction over the claims asserted in this action under 28 U.S.C. § 1332 because there is complete diversity between Defendant and at least one member of each class; there are more than one hundred members of each class; and the amount in controversy exceeds \$5,000,000 exclusive of interest and costs. This Court also has subject matter jurisdiction under 28 U.S.C. §§ 2201 and 2202 and is authorized to grant declaratory relief under these statutes.

25. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(2) because the Defendant resides in this district.

26. This Court has personal jurisdiction over the Defendant because it is incorporated in the Commonwealth of Pennsylvania.

FACTUAL BACKGROUND

The Policies

27. Schatzi, YKG and KG715's Policy has an effective period of October 12, 2019, to October 12, 2020, and insures business operations at the properties located at 344 West 11th Street, New York, New York 10014, 1048 Fifth Avenue New York, New York 10028, and 713-715 Washington Street, New York, New York 10014.

28. S&D's policy has an effective period of February 2, 2020, to February 2, 2021, and insures business operations at the property located at 903 Madison Avenue, New York, New York 10021.

29. The Policies each contain the Building and Personal Property Coverage Form (CP 00 10 10 12), which states:

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

30. The Policies each contain both a "Specified Cause of Loss" category and "Covered Cause of Loss" category, the latter of which is an all-risk coverage form meaning that all risks are covered unless specifically excluded or limited by other provisions in the Policies. All risks coverage is defined by limitations and exclusions in the Policies, and in the Policies, Defendant agreed: "when special is shown in the declarations, covered causes of loss means direct physical loss unless the loss is excluded or limited in this policy."

31. Because "Special" is listed on the Policies' Declarations, the Defendant promised to pay for losses of business income sustained as a result of Covered Causes of Loss not otherwise excluded or limited under the Policies.

32. The Policies also contained the “Restaurant Enhancement Endorsement” Form (FA-47549), which modified the Building and Personal Property Coverage Forms and Causes of Loss-Special Forms to include Additional Coverages for Business Income and Extra Expense.

33. Under these coverages, Indemnity Insurance Company of North America is obligated to indemnify Plaintiffs whenever they sustain a loss or damage caused by or resulting from a Covered Cause of Loss, and Indemnity Insurance Company of North America specifically promised Plaintiffs:

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss...

34. The phrases “damage”, “direct physical loss” and “damage to property” are not defined by the Policies. However, "suspension" is defined as "a. The slowdown or cessation of your business activities; or; b. That a part or all of the described premises is rendered untenable, if coverage for Business Income ... applies.”

35. The Policies also provide Extended Business Income coverage, as follows:

Extended Business Income

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and**
- (b) Ends on the earlier of:**
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or**

- (ii) **60 consecutive days after the date determined in (1)(a) above.**

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located. Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

36. In addition to promising to pay for loss of Business Income, under the Policies, Indemnity Insurance Company of North America also promised to pay for certain necessary “Extra Expense.” Extra Expense means expenses that the policyholder incurs to, for example, minimize or offset the suspension of business operations.

37. The Policies also provide additional “Civil Authority” coverage as follows:

(a) Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations. When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began. Civil Authority Coverage began.

38. Indemnity Insurance Company of North America promised to pay the Plaintiffs for actions of civil authorities if a Covered Cause of Loss caused damage to property other than property at the Plaintiffs' respective premises, as described in the respective Policies' Declarations, and that Plaintiffs suffered actual loss due to civil authorities prohibiting access to Plaintiffs' premises.

39. The Business Income and Extra Expense coverage, as well as the Extended Business Income coverages, are separate, independent and not mutually exclusive of coverage for Civil Authority; thus, the Plaintiffs could theoretically recover under any one of these coverages or all of these coverages at the same time.

40. Unlike the Business Income and Extra Expense coverage, the Civil Authority coverage does not require the Plaintiffs to show a "direct physical loss" and "damage" to their respective properties. Instead, the Plaintiffs are required to show that there was "damaged property" in the area immediate to the Plaintiffs' respective premises and that "action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage." Neither "damaged property" nor "dangerous physical conditions" is defined by the Policies.

History of COVID-19

41. On December 31, 2019, the World Health Organization reported people in China were becoming sick due to a mysterious form of pneumonia.

42. On January 11, 2020, China reported its first death from the mysterious form of pneumonia.

43. On January 21, 2020, the first confirmed case of the mysterious form of pneumonia was reported in the United States.

44. On January 30, 2020, for only the sixth time in its history, the World Health Organization ("WHO"), declared the outbreak of the mysterious form of pneumonia a Public Health Emergency of International Concern.

45. On February 11, 2020, the WHO announced COVID-19, also known as coronavirus disease, as the name for the new mysterious form of pneumonia.

46. On February 29, 2020, the first death caused by COVID-19 was reported in the United States.

47. On March 13, 2020, President Trump declares the outbreak of COVID-19 to be a national emergency.

48. As of March 17, 2020, COVID-19 was reported to be present in every state in the United States.

49. As of March 26, 2020, the United States had more confirmed cases of COVID-19 than any other country in the world.

Actions of Civil Authorities in New York City

50. On March 12, 2020, Mayor Bill De Blasio issued an order recognizing that the spread of COVID-19 constitutes an emergency that affects the public health of the people of New York City³ and to declare a state of emergency in New York City stating, among other things, that the pandemic was "causing property loss and damage."

51. On March 15, 2020, the Mayor issued an Emergency Order prohibiting the congregation of more than 50% occupancy for restaurants operating in New York City.⁴

52. The next day, on March 16, 2020, the Mayor issued an Emergency Order closing all New York City restaurants with external entrances indefinitely, except for the purpose of providing take-out or delivery service.

³ See **Exhibit C**.

⁴ See **Exhibit D**.

53. On June 3, 2020, the New York State Department of Health issued "Interim Guidance for Outdoor and Take-Out/Delivery Food Services during the COVID-19 Public Health Emergency" authorizing restaurants in regions that have reached Phase 2 of the State's reopening to open outdoor spaces with seating for customers, provided that social distancing is maintained, and to open outdoor bar seating areas, provided that customers can be distanced appropriately, and providing minimum requirements for the operation of any such outdoor space or outdoor bar seating area.

54. On June 18, 2020, the Mayor issued an Emergency Order allowing restaurants to utilize sidewalk seating, curbside seating and seating directly in front of establishments on streets that have been opened across the City pursuant to the Open Restaurants Program.

55. The actions of the City of New York forced the Plaintiffs to cease, suspend, limit or otherwise lose their use of the insured premises to conduct business operations.

Actions of Civil Authorities for the State of New York

56. On March 7, 2020, New York State Governor Andrew Cuomo declared a State disaster emergency for the entire State of New York to address the threat that COVID-19 poses to the health and welfare of New York residents and visitors.

57. On March 7, 2020, in response to the 2019 novel coronavirus disease, the Governor of New York ordered that any restaurant or bar in the state of New York shall cease serving patrons food or beverage on-premises effective on March 16, 2020, and until further notice shall only serve food or beverage for off-premises consumption.

58. On April 26, 2020, Governor Cuomo announced a phased approach to reopen industries and businesses in New York in phases based upon a data-driven, regional analysis. On May 4, 2020, the Governor provided that the regional analysis would consider several public health factors, including new COVID-19 infections, as well as health care system, diagnostic testing, and

contact tracing capacity. On May 11, 2020, Governor Cuomo announced that the first phase of reopening would begin on May 15, 2020 in several regions of New York, based upon available regional metrics and indicators.

59. On June 6th, pursuant to an Executive Order, restaurants or bars in regions that were in phase 2 could serve patrons food or beverage on-premises only in outdoor space, provided such restaurant or bar is in compliance with Department of Health guidance promulgated for such activity including, among other things, having a private entrance.

60. On September 9, 2020, Governor Andrew Cuomo announced New York City Restaurants could restart indoor dining on September 30, but they will be limited to operating at 25% capacity.

61. The actions of the State of New York forced the Plaintiffs to cease, suspend, limit or otherwise lose their use of the insured premises to conduct business operations.

Impact of COVID-19 in New York

62. By April 20, The New York Times reported that hundreds of thousands of New Yorkers were unemployed, with at least \$7.4 billion lost tax revenue projected over the year.

63. As of June 202, New York City has had 1.25 million total job losses since February, marking the sharpest job decline seen in New York City since the 1930s. To a greater extent than in previous downturns, the COVID-19-related job losses are heavily concentrated among low-wage workers, hitting persons of color, immigrants, young workers, and less educated workers the hardest.

64. According to the Mayor's office, the drop in income, sales tax and tourism revenues including hotel tax revenue will cost New York City up to \$10 billion in tax revenue. According

to the New York City Independent Budget Office, a full economic recovery might not be achieved until 2024.

65. In August 2020, the New York Times estimated that up to 80,000 small businesses in New York might never reopen, eliminating jobs for up to 520,000 people and representing one-third of the total number of small businesses in operation before the pandemic.

66. Within the restaurant industry, spending at New York City restaurants was down over 90 percent compared to the same time period last year, amounting to over \$1 billion in lost tax revenue for the current fiscal year, according to the New York City's executive Financial Budget Summary.

67. The strict limits imposed on New York City's approximately 27,000 eating and drinking establishments during the public health crisis affect more than 300,000 people, or 7 percent of the overall workforce. More than half of those jobs have been lost.

68. According to the New York City Hospitality Alliance, the 10,000 New York City restaurants that are operating with outdoor seating and curbside pick-up and delivery have lost 70 percent of their revenues compared to 2019.

69. In a survey by the New York State Restaurant Association conducted March 23-26, an estimated \$1.9 billion in sales and more than 250,000 jobs were lost, 78 percent of operators laid off employees, and 48 percent of operators temporarily closed their restaurants in the first 22 days of march.

70. Even still, additional losses are forecasted as the New York City Independent Budget Office expects that another 475,000 people will lose their jobs over the next year

Plaintiffs' Covered Losses

71. Based on the state and local orders described above, Plaintiffs' were prevented from physically using their insured premises to conduct business as of March 16, 2020.

72. Indeed, even after Plaintiffs were permitted to partially resume physical use of their insured premises under the state and local orders described above, they continued to suffer losses and incur extra operating expenses.

73. Plaintiffs have suffered a suspension of normal business operations and a cessation of all operations on their premises, sustained losses of business income, and incurred extra expenses.

74. These losses and expenses have continued through the date of filing of this action.

75. These losses and expenses are not excluded from coverage under the respective Policies, and because the respective Policies are all-risk policies, and Plaintiffs have complied with their contractual obligations, Plaintiffs are entitled to payment for these losses and expenses.

76. Plaintiffs have suffered a suspension and/or cessation of all normal business operations given the response to the global pandemic associated with the spread of COVID-19, including the actions of civil authority described herein.

77. Contrary to the plain language of the Policies, and to Indemnity Insurance Company of North America's corresponding promises and contractual obligations, Indemnity Insurance Company of North America has refused to pay for Plaintiffs' respective losses and expenses under the terms of the Policies.⁵

CLASS ACTION ALLEGATIONS

78. The class claims all derive directly from a single course of conduct by Indemnity Insurance Company of North America and its systematic, uniform, capricious and arbitrary refusal to pay insureds for covered losses and the actions taken by civil authorities to suspend business operations.

⁵ See **Exhibit E**.

79. Plaintiffs bring this action pursuant to Rules 23(a), 23(b)(1), 23(b)(2), and/or 23(b)(3), as well as 23(c)(4), of the Federal Rules of Civil Procedure, individually and on behalf of all others similarly situated. This action satisfies the numerosity, commonality, typicality, adequacy, predominance, and superiority requirements of those provisions.

80. Plaintiffs seek to represent a nationwide class as the Court may deem appropriate defined as:

- a) All bars, restaurants and other eateries that purchased Business Income and Extra Expense coverage under a policy of insurance issued by the Defendant covering the period of March 2020 through the present that suffered a suspension of business operations due to government prohibitions on the use of their insured premises and for which the Defendant has either actually denied or stated it will deny a claim for the losses or has otherwise failed to acknowledge, accept as a covered cause of loss, or pay for the covered losses (“the Business Income Coverage Class”).
- b) All bars, restaurants and other eateries that purchased Extended Business Income coverage under a policy of insurance issued by the Defendant covering the period of March 2020 through the present that incurred extra expenses to avoid or minimize the suspension of business operations due to government prohibitions on the use of their insured premises and for which the Defendant has either actually denied or stated it will deny a claim for the extra expenses or

has otherwise failed to acknowledge, accept as a covered expense, or pay for the covered expenses (“the Extra Expense Coverage Class”).

- c) All bars, restaurants and other eaters that purchased Civil Authority coverage under a policy of insurance issued by the Defendant covering the period of March 2020 through the present that suffered an actual loss of Business Income and/or Extra Expense due to government prohibitions on the use of their insured premises and for which the Defendant has either actually denied or stated it will deny a claim for the losses or has otherwise failed to acknowledge, accept as a covered cause of loss, or pay for the covered losses (“the Civil Authority Coverage Class”).

81. Excluded from each defined proposed Classes are Defendant and any of its members, affiliates, parents, subsidiaries, officers, directors, employees, successors, or assigns; governmental entities; Class Counsel and their employees; and the judicial officers and Court staff assigned to this case and their immediate family members.

82. Plaintiffs reserve the right to modify, expand, or amend the definitions of the proposed Classes, as appropriate, during the course of this litigation.

83. This action has been brought and may properly be maintained on behalf of each Class proposed herein under the criteria of Rule 23 of the Federal Rules of Civil Procedure

Numerosity and Ascertainability

84. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(1). The members of each proposed Class are so numerous that individual joinder of all Class members is impracticable.

There are, at a minimum, hundreds, if not thousands, of members of each proposed Class, and these individuals and entities are spread out across the Commonwealth and the United States.

85. The identity of Class members is ascertainable, as the names and addresses of all Class members can be identified in Defendant's or its agents' books and records. Class members may be notified of the pendency of this action by recognized, Court-approved notice dissemination methods, which may include U.S. mail, electronic mail, internet postings, and/or published notice.

Predominance of Common Issues

86. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(2) and 23(b)(3) because this action involves common questions of law and fact that predominate over any questions affecting only individual Class members. Defendant issued the same or substantially similar all-risk policies using the same or similar coverage forms to all the members of each proposed Class in exchange for payment of premiums by the Class members. The questions of law and fact affecting all Class members include, without limitation, the following:

- a) Whether Plaintiffs and the Class members suffered a covered cause of loss under the policies issued to members of the Class;
- b) Whether Defendant wrongfully, capriciously and arbitrarily denied all claims based on the facts set forth herein;
- c) Whether Defendant's Business Income coverage applies based on the facts set forth herein;
- d) Whether Defendant's Civil Authority coverage applies to a loss of Business Income based on the facts set forth herein;

- e) Whether Defendant's Extra Expense coverage applies to efforts to avoid or minimize a loss caused by the suspension of business based on the facts set forth herein;
- f) Whether Defendant has breached their contracts of insurance through a uniform and blanket denial of all claims for business losses based on the facts set forth herein;
- g) Whether the Defendant acted in bad faith breach of contract and the duty of good faith and fair dealing through a uniform and blanket denial of all claims for business losses based on the facts set forth herein; and
- h) Whether Plaintiffs and the Class members suffered damages as a result of Defendant's actions; and
- i) Whether Plaintiffs and the Class members are entitled to an award of reasonable attorneys' fees, interest, and costs.

Typicality

87. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(3) because Plaintiffs' claims are typical of the claims of the Class members and arise from the same course of conduct by Defendant. Plaintiffs and the other Class members are all similarly affected by Defendant's refusal to pay under their Policies, which are representative of the same or similar all-risk policies issued by the Defendant. Plaintiffs' claims are based upon the same legal theories as those of the other Class members. Plaintiffs and the other Class members sustained damages as a direct and proximate result of the same wrongful practices in which Defendant engaged. The relief Plaintiffs seek is typical of the relief sought for the absent Class members.

Adequacy of Representation

88. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(4) because Plaintiffs will fairly and adequately represent and protect the interests of Class members. Plaintiffs have retained counsel with substantial experience in prosecuting complex class action and insurance coverage litigation.

89. Plaintiffs and their counsel are committed to vigorously prosecuting this action on behalf of the Class members and have the financial resources to do so. Neither Plaintiffs nor their counsel has interests adverse to those of the Class members.

Inconsistent or Varying Adjudications and the Risk of Impediments to Other Class Members' Interests

90. This action satisfies the requirements of Fed. R. Civ. P. 23(b)(1). Plaintiffs seek class-wide adjudication as to the interpretation and scope of Defendant's insurance policies. The prosecution of separate actions by individual members of the proposed Classes would create an imminent risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for Defendant.

Final Injunctive and/or Corresponding Declaratory Relief with respect to the Class is Appropriate

91. This action satisfies the requirements of Fed. R. Civ. P. 23(b)(2) because Defendant acted or refused to act on grounds generally applicable to Plaintiffs and the members of the Classes, thereby making appropriate final injunctive and/or corresponding declaratory relief with respect to the Class members. The Class' claims all derive directly from Defendant's systematic, uniform, capricious and arbitrary refusal to pay insureds for losses suffered due to government prohibitions on the use of insured premises in response to the pandemic associated with the spread of COVID-19. Defendant's actions or refusal to act are grounded upon the same generally applicable legal theories.

Superiority

92. This action satisfies the requirements of Fed. R. Civ. P. 23(b)(3) because a class action is superior to other available methods for the fair and efficient group-wide adjudication of this controversy. The common questions of law and of fact regarding Defendant's conduct and the interpretation of the common language in their insurance policies predominate over any questions affecting only individual Class members.

93. Because the damages suffered by certain individual Class members may be relatively small, the expense and burden of individual litigation would make it very difficult for all individual Class members to redress the wrongs done to each of them individually, such that many Class members would have no rational economic interest in individually controlling the prosecution of specific actions, and the burden imposed on the judicial system by individual litigation by even a small fraction of the Class would be enormous, making class adjudication the superior alternative under Fed. R. Civ. P. 23(b)(3)(A).

94. The conduct of this action as a class action presents far fewer management difficulties, far better conserves judicial resources and the parties' resources, and far more effectively protects the rights of each Class member than would piecemeal litigation. Compared to the expense, burdens, inconsistencies, economic infeasibility, and inefficiencies of individualized litigation, the challenges of managing this action as a class action are substantially outweighed by the benefits to the legitimate interests of the parties, the Court, and the public of class treatment in this Court, making class adjudication superior to other alternatives, under Fed. R. Civ. P. 23(b)(3)(D).

95. Plaintiffs are not aware of any obstacles likely to be encountered in the management of this action that would preclude its maintenance as a class action. Rule 23 provides the Court with authority and flexibility to maximize the efficiencies and benefits of the class mechanism and

reduce management challenges. The Court may, on motion of Plaintiffs or on its own determination, certify nationwide, statewide and/or multistate classes for claims sharing common legal questions; utilize the provisions of Rule 23(c)(4) to certify any particular claims, issues, or common questions of fact or law for class-wide adjudication; certify and adjudicate bellwether class claims; and utilize Rule 23(c)(5) to divide any Class into subclasses.

CAUSES OF ACTION
COUNT I: DECLARATORY JUDGMENT
(On behalf of the Business Income Coverage Class)

96. Plaintiffs incorporate by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

97. Plaintiffs bring this Count both individually and on behalf of the other members of the Business Income Coverage Class.

98. Under 28 U.S.C. §§ 2201 and 2202, this Court has jurisdiction to declare the rights and other legal relations of the parties in dispute.

99. Plaintiffs' respective Policies, as well as the policies of other Business Income Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses for claims covered by the policies.

100. In the policies, Defendant promised to pay for losses of business income and extra expense sustained as a result of perils not excluded under the policies. Specifically, Defendant promised to pay for losses of business income and extra expense sustained as a result of a suspension of business operations during the period of restoration.

101. Plaintiffs and Class members suffered direct physical loss of or damage to Plaintiffs' insured premises and other Class members' insured premises, resulting in interruptions or suspensions of business operations at the locations. These suspensions and interruptions have caused Plaintiffs and Class members to suffer losses of business income and extra expense.

102. These suspensions and interruptions, and the resulting losses, triggered business income and extra expense coverage under the respective Policies and other Class members' policies.

103. Plaintiffs and the other Class members have complied with all applicable provisions of their respective policies, including payment of premiums.

104. Defendant, without justification, denied that the Policies and other Class members' policies provide coverage for these losses.

105. Plaintiffs seek a Declaratory Judgment that their Policies and other Class members' policies provide coverage for the losses of business income and extra expense attributable to the facts set forth above.

106. An actual case or controversy exists regarding Plaintiffs and other Class members' rights and Defendant's obligations to reimburse Plaintiffs and other Class members for the full amount of these losses. Accordingly, the Declaratory Judgment sought is justiciable.

WHEREFORE, Plaintiffs requests that this Court enter a Declaratory Judgment declaring that the Policies and other Class members' policies provide coverage for Class members' losses of business income.

COUNT II: BREACH OF CONTRACT
(On behalf of the Business Income Coverage Class)

107. Plaintiffs incorporate by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

108. Plaintiffs bring this Count both individually and on behalf of the other members of the Business Income Coverage Class.

109. Plaintiffs' respective Policies, as well as the policies of other Business Income Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses for claims covered by the respective policies.

110. In the policies, Defendant promised to pay for losses of business income and extra expense incurred as a result of perils not excluded under the policies. Specifically, Defendant promised to pay for losses of business income and extra expense sustained as a result of a suspension of business operations during the period of restoration.

111. Plaintiffs and Class members have suffered a direct physical loss of or damage to Plaintiffs' insured premises and other Class members' insured premises as a result of interruptions or suspensions of business operations at these premises. These interruptions and suspensions have caused Class members to suffer losses of business income and extra expense.

112. These losses triggered business income and extra expense coverage under both the respective Policies and other Class members' policies.

113. Plaintiffs and the other Class members have complied with all applicable provisions of their respective policies, including payment of premiums.

114. Defendant has denied coverage and refused performance under the respective Policies and other Class members' policies by denying coverage for these losses and expenses. Accordingly, Defendant is in breach of the Policies and other Class members' policies.

115. As a result of Defendant's breaches of the respective Policies and other Class members' policies, Plaintiffs and other Class members have suffered actual and substantial damages for which Defendant is liable.

WHEREFORE, Plaintiffs, both individually and on behalf of other Class members, seek compensatory damages resulting from Defendant's breaches of their Policies and other Class Members' policies and seek all other relief deemed appropriate by this Court.

COUNT III: BAD FAITH BREACH OF CONTRACT AND
THE DUTY OF GOOD FAITH AND FAIR DEALING
(On behalf of the Business Income Coverage Class)

116. Plaintiffs incorporate by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

117. Plaintiffs bring this Count both individually and on behalf of the other members of the Business Income Coverage Class.

118. Plaintiffs' respective Policies, as well as the policies of other Business Income Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses for claims covered by the policies.

119. In the policies, Defendant promised to pay for losses of business income and extra expense incurred as a result of perils not excluded under the policies. Specifically, Defendant promised to pay for losses of business income and extra expense sustained as a result of a suspension of business operations during the period of restoration.

120. Plaintiffs and Class members suffered an actual loss of business income and extra expense to the necessary suspension of Plaintiffs' bars and/or restaurants and other Class members' business operations at insured premises and said suspension(s) were caused by direct physical loss of and damage to Plaintiffs' bars and/or restaurants and other Class members' insured premises caused by or resulting from Covered Causes of Loss under the respective Policies and other Class members' policies. These actual losses, therefore, triggered Business Income and Extra Expense coverage under both the respective Policies and other Class members' policies.

121. These Covered Causes of Loss were direct, physical and foreseeable causes of loss under the Policies and other Class members' policies and they each caused, and/or resulted in, dangerous physical conditions at, and physical injuries to, the Plaintiffs' restaurants, bars or eateries, other Class members' insured premises and property immediately adjacent to each. The

subject Covered Causes of Loss pose a serious risk to and endanger(ed) the public's health, safety and property and rendered the Plaintiffs' bars, restaurants or eateries and other Class members' insured premises unusable and/or uninhabitable; thus, mandating a suspension of business operations.

122. These losses and expenses are not excluded from coverage under the policies. The policies are all-risk policies meaning Covered Causes of Loss are determined by exclusions and the subject Covered Causes of Loss were not excluded under the policies.

123. Furthermore, these Covered Causes of Loss caused direct physical loss and damage to the Plaintiffs' various business premises and the other Class Members' insured premises resulting in dangerous physical conditions, the nature of such loss and damage to property having been recognized by civil authorities in Orders addressing COVID-19.

124. Plaintiffs and the other Class members have complied with all applicable provisions of their respective policies, including payment of premiums.

125. The actions of the Defendant give rise to a cause of action for bad faith breach of contract and the duty of good faith and fair dealing as Plaintiffs and other Class members were covered under Plaintiffs' respective Policies, as well as the policies of other Business Income Coverage Class members, and the Defendant has breached the terms of said policies by denying business income and extra expense coverage to the Plaintiffs and other Class members. Defendant's actions in breaching the terms of the Plaintiffs' respective policies and the other Class Members' policies, in bad faith, have proximately caused damages to Plaintiffs and other Class members and the damages were reasonably foreseeable to the Defendant.

126. It appears that the Defendant's conduct was performed because it placed its own financial interests before the Plaintiffs' and other Class Members' financial interests.

127. Further, the actions of the Defendant in denying business income and extra expense coverage to the Plaintiffs and other Class Members was done so without any legitimate basis or arguable reason and constitute intentional and/or malicious conduct or gross negligence and reckless disregard.

128. Implied in the Plaintiffs' respective Policies and the other Class Members' policies is a duty of good faith and fair dealing with respect to conduct encompassed by contractual relations. Defendant's conduct as aforesaid breached the duty of good faith and fair dealing which further gives rise to the tort of bad faith for the breach of contract.

129. Defendant, at all times relevant hereto, owed Plaintiffs and other Class Members a duty to exercise good faith and an obligation to deal fairly with them; however, the denial of business income and extra expense coverage by Defendant constituted a bad faith breach of contract and was totally made with only the Defendant's best interests in mind and in total disregard of the contractual rights of Plaintiffs and other Class Members.

130. Defendant's bad faith material breach(es) of the Plaintiffs' respective Policies, as well as other Class members' policies, has resulted in actual and substantial damages to the Plaintiffs and Business Income Coverage Class members, depriving all of the benefit of their bargain, and represents, in addition to warranting contractual damages, incidental damages and consequential damages, an independent tort entitling Plaintiffs and other Class Members to punitive damages in an amount which will punish the Defendant for its intentional, grossly negligent, and/or reckless conduct as well as to deter Defendant and others from similar misconduct in the future.

WHEREFORE, Plaintiffs, both individually and on behalf of other Class members, seek compensatory damages, contractual damages, incidental damages, consequential damages, and

punitive damages, resulting from Defendant's bad faith breach(es) of the Policies and other Class Members' policies and seek all other relief deemed appropriate by this Court.

COUNT IV: DECLARATORY JUDGMENT
(On behalf of the Extended Business Income Coverage Class)

131. Plaintiffs incorporate by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

132. Plaintiffs bring this Count both individually and on behalf of the other members of the Extra Expense Coverage Class.

133. Under 28 U.S.C. §§ 2201 and 2202, this Court has jurisdiction to declare the rights and other legal relations of the parties in dispute.

134. Plaintiffs' respective Policies, as well as the policies of other Extended Business Income Coverage Class members, are insurance contracts under which Defendant were paid premiums in exchange for promises to pay Class members' losses for claims covered by the policies.

135. Specifically, Defendant promised to pay for extended business income for losses incurred by Plaintiffs and other Class members during the period of restoration that the insureds would not have incurred if there had been no loss or damage to the insured premises. Extended business income included income to avoid or minimize the suspension of business, continue operations, and to repair or replace property.

136. Plaintiffs and Class members suffered direct physical loss of or damage to their locations and other Class members' insured premises, resulting in suspensions or interruptions of business operations at these premises. As a result, Plaintiffs and other Class members have incurred losses, as defined in the respective Policies and other Class members' policies.

137. These losses triggered Extended Business Income coverage under the policies and other Class members' policies.

138. Plaintiffs and the other Class members have complied with all applicable provisions of their respective policies, including payment of premiums.

139. Defendant, without justification, denied that the Policies and other Class members' policies provide coverage for these Extended Business Income.

140. Plaintiffs, both individually and on behalf of the other members of the Extended Business Income Coverage Class, seek a Declaratory Judgment that their Policies, and those of other members of the Extended Business Income Coverage Class, provides coverage for these extended business income.

141. An actual case or controversy exists regarding Class members' rights and Defendant's obligations under Class members' policies to reimburse Class members for extended business income. Accordingly, the Declaratory Judgment sought is justiciable.

WHEREFORE, Plaintiffs requests that this Court enter a Declaratory Judgment declaring that the Policies and other Class members' policies provide coverage for Class members' extended business income.

COUNT V: BREACH OF CONTRACT
(On behalf of the Extended Business Income Coverage Class)

142. Plaintiffs incorporates by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

143. Plaintiffs bring this Count individually and on behalf of the other members of the Extended Business Income Coverage Class.

144. Plaintiffs' respective Policies, as well as the policies of other Extended Business Income Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses for claims covered by their policies.

145. Specifically, Defendant promised to pay for extended business income for losses incurred by Plaintiffs and other Class members during the period of restoration that the insureds would not have incurred if there had been no loss or damage to the insured premises. Extended business income losses included income to avoid or minimize the suspension of business, continue operations, and to repair or replace property.

146. Plaintiffs and Class members suffered direct physical loss of or damage to their locations and other Class members' insured premises, resulting in suspensions and interruptions of business operations at these premises. These suspensions and interruptions have caused Class members to incur Extra Expenses.

147. These expenses triggered extended business income coverage under the policies and other Class members' policies.

148. Plaintiffs and the other Class members have complied with all applicable provisions of their policies, including payment of premiums.

149. Defendant has denied coverage and refused performance extended business income. Accordingly, Defendant is in breach of the Policies and other Class members' policies.

150. As a result of Defendant's breaches of the Policies and other Class members' policies, Plaintiffs and other Class members have suffered actual and substantial damages for which Defendant is liable.

WHEREFORE, Plaintiffs, individually and on behalf of other Class members, seek compensatory damages resulting from Defendant's breaches of the Policies and other Class Members' policies and seek all other relief deemed appropriate by this Court.

COUNT VI: BAD FAITH BREACH OF CONTRACT AND
THE DUTY OF GOOD FAITH AND FAIR DEALING
(On behalf of the Extended Business Income Coverage Class)

151. Plaintiffs incorporates by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

152. Plaintiffs bring this Count both individually and on behalf of the other members of the Extra Expense Coverage Class.

153. Plaintiffs' respective Policies, as well as the policies of other Extended Business Income Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses for claims covered by the policies.

154. In the policies, Defendant promised to pay extended business income for losses, incurred as a result of perils not excluded under the policies. Specifically, Defendant promised to pay for losses of Extended Business Income sustained as a result of a suspension of business operations during the period of restoration.

155. Plaintiffs and Class members suffered an actual loss of business income due to the necessary Suspension of Plaintiffs' restaurants, bars or eateries and other Class members' business operations at insured premises and said suspension(s) were caused by direct physical loss of and damage to their restaurants, bars or eateries and other Class members' insured premises caused by or resulting from Covered Causes of Loss under the Policies and other Class members' policies. These actual losses, therefore, triggered Extended Business Income coverage under Plaintiffs' respective Policies and other Class members' policies.

156. These Covered Causes of Loss were direct, physical and foreseeable causes of loss under the Policies and other Class members' policies and they each caused, and/or resulted in, dangerous physical conditions at, and physical injuries to, their bars, restaurants or eateries, other

Class members' insured premises and property immediately adjacent to each. The subject Covered Causes of Loss pose a serious risk to and endanger(ed) the public's health, safety and property and rendered the Plaintiffs' bars, restaurants or eateries and other Class members' insured premises unusable and/or uninhabitable; thus, mandating a suspension of business operations.

157. These losses and expenses are not excluded from coverage under the policies. The policies are all-risk policies meaning Covered Causes of Loss are determined by exclusions and the subject Covered Causes of Loss were not excluded under the policies.

158. Furthermore, these Covered Causes of Loss caused direct physical loss and damage to the Plaintiffs' various business premises and the other Class Members' insured premises resulting in dangerous physical conditions, the nature of such loss and damage to property having been recognized by civil authorities in Orders addressing COVID-19.

159. Plaintiffs and the other Class members have complied with all applicable provisions of their respective policies, including payment of premiums.

160. The actions of the Defendant give rise to a cause of action for bad faith breach of contract and the duty of good faith and fair dealing as Plaintiffs and other Class members were covered under their respective policies, as well as the policies of other Class members, and the Defendant has breached the terms of said policies by denying extended business income coverage to the Plaintiffs and other Class members. Defendant's actions in breaching the terms of the Plaintiffs' respective policies and the other Class Members' policies, in bad faith, have proximately caused damages to Plaintiffs and other Class members and the damages were reasonably foreseeable to the Defendant.

161. It appears that the Defendant's conduct was performed because it placed its own financial interests before the Plaintiffs' and other Class Members' financial interests.

162. Further, the actions of the Defendant in denying extended business income coverage to the Plaintiffs and other Class Members was done so without any legitimate basis or arguable reason and constitute intentional and/or malicious conduct or gross negligence and reckless disregard.

163. Implied in the Plaintiffs' respective Policies and the other Class Members' policies is a duty of good faith and fair dealing with respect to conduct encompassed by contractual relations. Defendant's conduct as aforesaid breached the duty of good faith and fair dealing which further gives rise to the tort of bad faith for the breach of contract.

164. Defendant, at all times relevant hereto, owed Plaintiffs and other Class Members a duty to exercise good faith and an obligation to deal fairly with them; however, the denial of extended business income coverage by Defendant constituted a bad faith breach of contract and was totally made with only the Defendant's best interests in mind and in total disregard of the contractual rights of Plaintiffs and other Class Members.

165. Defendant's bad faith material breach(es) of the Plaintiffs' respective Policies, as well as other Class members' policies, has resulted in actual and substantial damages to the Plaintiffs and Extended Business Income Coverage Class members, depriving all of the benefit of their bargain, and represents, in addition to warranting contractual damages, incidental damages, and consequential damages, an independent tort entitling Plaintiffs and other Class Members to punitive damages in an amount which will punish the Defendant for its intentional, grossly negligent, and/or reckless conduct as well as to deter Defendant and others from similar misconduct in the future.

WHEREFORE, Plaintiffs, both individually and on behalf of other Class members, seek compensatory damages, contractual damages, incidental damages, consequential damages, and

punitive damages, resulting from Defendant's bad faith breach(es) of the Policies and other Class Members' policies, and seek all other relief deemed appropriate by this Court.

COUNT VII: DECLARATORY JUDGMENT
(On behalf of the Civil Authority Coverage Class)

166. Plaintiffs incorporate by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

167. Plaintiffs bring this Count both individually and on behalf of the other members of the Civil Authority Coverage Class. Under 28 U.S.C. §§ 2201 and 2202, this Court has jurisdiction to declare the rights and other legal relations of the parties in dispute.

168. Plaintiffs' respective Policies, as well as the policies of other Civil Authority Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses for claims covered by the policies.

169. In the Plaintiffs' respective Policies and other Class members' policies, Defendant promised to pay for losses of business income sustained and extra expenses incurred when, among other things, a covered cause of loss causes damage to property other than Plaintiffs' properties prohibits access to Plaintiffs' properties.

170. Plaintiffs and other Class members have suffered losses and incurred expenses as a result of actions of civil authorities that prohibited access to insured premises under the Policies and Class members' policies.

171. These losses satisfied all requirements to trigger Civil Authority coverage under the Policies and other Class members' policies.

172. Plaintiffs and the other Class members have complied with all applicable provisions of the policies, including payment of premiums.

173. Defendant, without justification, denies that the policies provides coverage for these losses.

174. Plaintiffs seek a Declaratory Judgment that their respective Policies and other Class members' policies provide coverage for the losses that Class members have sustained and extra expenses they have incurred caused by actions of civil authorities.

175. An actual case or controversy exists regarding Class members' rights and Defendant's obligations under Class members' policies to reimburse Class members for these losses and extra expenses. Accordingly, the Declaratory Judgment sought is justiciable.

WHEREFORE, Plaintiffs, both individually and on behalf of other Class members, requests that this Court enter a Declaratory Judgment declaring that their policies provides Civil Authority coverage for the losses and extra expenses incurred by Plaintiffs and the other Class members.

COUNT VIII: BREACH OF CONTRACT
(On behalf of the Civil Authority Coverage Class)

176. Plaintiffs incorporate by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

177. Plaintiffs bring this Count individually and on behalf of the other members of the Civil Authority Coverage Class.

178. Plaintiffs' respective Policies, as well as the policies of other Civil Authority Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses and expenses covered by the policies.

179. In the Policies and other Class members' policies, Defendant promised to pay for losses of business income sustained and extra expenses incurred when a covered cause of loss causes damage to property near the insured premises, the civil authority prohibits access to property near the insured premises, and the civil authority action is taken in response to dangerous physical conditions.

180. Plaintiffs and other Class members have suffered losses and incurred expenses as a result of actions of civil authorities that prohibited access to insured premises under the Policies and Class members' policies.

181. These losses satisfied all requirements to trigger Civil Authority coverage under the Policies and other Class members' policies.

182. Plaintiffs and the other Class members have complied with all applicable provisions of the policies, including payment of premiums.

183. Defendant has refused performance under the Policies and other Class members' policies by denying coverage for these losses and expenses. Accordingly, Defendant are in breach of the Policies and other Class members' policies.

184. As a result of Defendant's breaches of the Policies and other Class members' policies, Plaintiffs and other Class members have suffered actual and substantial damages for which Defendant is liable.

WHEREFORE, Plaintiffs seek compensatory damages resulting from Defendant's breaches of the Policies and other Class members' policies, and seek all other relief deemed appropriate by this Court.

COUNT IX: BAD FAITH BREACH OF CONTRACT AND
THE DUTY OF GOOD FAITH AND FAIR DEALING
(On behalf of the Civil Authority Coverage Class)

185. Plaintiffs incorporate by reference and re-allege paragraphs 1 through 95 above, as though fully set forth herein.

186. Plaintiffs bring this Count individually and on behalf of the other members of the Civil Authority Coverage Class.

187. Plaintiffs' respective Policies, as well as the policies of other Civil Authority Coverage Class members, are insurance contracts under which Defendant was paid premiums in exchange for promises to pay Class members' losses and expenses covered by the policies.

188. In the Policies and other Class members' policies, Defendant promised to pay for actual loss of business income sustained and necessary extra expenses incurred when a covered cause of loss causes damage to property near the insured premises, the civil authority prohibits access to property near the insured premises, and the civil authority action is taken in response to dangerous physical conditions.

189. These Covered Causes of Loss were direct, physical and foreseeable causes of loss under the policies and other Class members' policies and they each caused, and/or resulted in, dangerous physical conditions at, and physical injuries to, the Plaintiffs' restaurants, bars or eateries, other Class members' insured premises and property immediately adjacent to each. The subject Covered Causes of Loss pose a serious risk to and endanger(ed) the public's health, safety and property and rendered the Plaintiffs' restaurants, bars or eateries, other Class members' insured premises and areas within one mile of the Plaintiffs' business premises and other Class Members' insured premises, damaged, unusable and/or uninhabitable; thus, prompting the Orders of civil authorities prohibiting access to the same.

190. These losses and expenses are not excluded from coverage under the policies. The policies are all-risk policies meaning Covered Causes of Loss are determined by exclusions and the subject Covered Causes of Loss were not excluded under the policies.

191. Furthermore, these Covered Causes of Loss caused damage to property in the area Plaintiffs' various business premises, and the other Class Members' insured premises, resulting in dangerous physical conditions prompting civil authorities, such as, for example, the city of Philadelphia and the Commonwealth of Pennsylvania, to issue Orders prohibiting the public's

access to the area immediately surrounding the damaged property, including access to the Plaintiffs' business premises and other Class Members' insured premises.

192. Accordingly, these losses satisfied all requirements to trigger Civil Authority coverage under the Policies and other Class members' policies.

193. Plaintiffs and the other Class members have complied with all applicable provisions of the policies, including payment of premiums.

194. The actions of the Defendant give rise to a cause of action for bad faith breach of contract and the duty of good faith and fair dealing as Plaintiffs and other Class members were covered under Plaintiffs' respective Policies, as well as the policies of other Civil Authority Coverage Class members, and the Defendant has breached the terms of said policies by denying Civil Authority coverage to the Plaintiffs and other Class members. Defendant's actions in breaching the terms of the Plaintiffs' respective Policies and the other Class Members' policies, in bad faith, have proximately caused damages to Plaintiffs and other Class members and the damages were reasonably foreseeable to the Defendant.

195. It appears that the Defendant's conduct was performed because it placed its own financial interests before the Plaintiffs' and other Class Members' financial interests.

196. Further, the actions of the Defendant in denying Civil Authority coverage to the Plaintiffs and other Class Members was done so without any legitimate basis or arguable reason and constitute intentional and/or malicious conduct or gross negligence and reckless disregard.

197. Implied in the Plaintiffs' respective Policies and the other Class Members' policies is a duty of good faith and fair dealing with respect to conduct encompassed by contractual relations. Defendant's conduct as aforesaid breached the duty of good faith and fair dealing which further gives rise to the tort of bad faith for the breach of contract.

198. Defendant, at all times relevant hereto, owed Plaintiffs and other Class Members a duty to exercise good faith and an obligation to deal fairly with them; however, the denials of Civil Authority coverage by Defendant constituted a bad faith breach of contract and was totally made with only the Defendant's best interests in mind and in total disregard of the contractual rights of Plaintiffs and other Class Members.

199. Defendant's bad faith material breach(es) of the Plaintiffs' respective Policies, as well as other Class members' policies, has resulted in actual and substantial damages to the Plaintiffs and Civil Authority Coverage Class members, depriving all of the benefit of their bargain, and represents, in addition to warranting contractual damages, incidental damages, and consequential damages, an independent tort entitling Plaintiffs and other Class Members to punitive damages in an amount which will punish the Defendant for its intentional, grossly negligent, and/or reckless conduct as well as to deter Defendant and others from similar misconduct in the future.

WHEREFORE, Plaintiffs, both individually and on behalf of other Class members, seek compensatory damages, contractual damages, incidental damages, consequential damages, and punitive damages, resulting from Defendant's bad faith breach(es) of the Policies and other Class Members' policies and seek all other relief deemed appropriate by this Court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in its favor and against Defendant, as follows:

- A. Entering an order certifying the proposed Classes, designating Plaintiffs as Class representatives for each of the Classes, and appointing Plaintiffs' attorneys as Counsel for the Classes;

- B. Entering declaratory judgments on Counts I, IV, and VII in favor of Plaintiffs and the members of the Business Income Coverage Class, Extended Business Income Coverage Class and Civil Authority Coverage Class as follows:
- i. That all Business Income and Extra Expense, Civil Authority and Extended Business Income losses and expenses incurred and sustained based on the facts and circumstances set forth above are insured and covered losses and expenses under Plaintiffs' and Class members' policies; and
 - ii. Defendant is obligated to pay for the full amount of the Business Income and Extra Expense, Civil Authority and Extended Business Income losses and expenses sustained and incurred, and to be sustained and incurred, based on the facts and circumstances set forth above are insured and covered losses and expenses under Plaintiffs' and Class members' policies;
- C. Entering judgments on counts II, V, and VIII in favor of Plaintiffs and the members of the Business Income Coverage Class, Extended Business Income Coverage Class and Civil Authority Coverage Class, and awarding damages for breach of contract in an amount to be determined at trial;
- D. Entering judgments on counts III, VI, IX in favor of the Plaintiffs and the members of the Business Income Coverage Class, Extended Business Income Coverage Class and Civil Authority Coverage Class, and awarding compensatory damages, incidental damages, consequential damages, and punitive damages for the Defendant's bad faith material breach(es) in an amount to be determined at trial;
- E. An order requiring Defendant to pay both pre- and post-judgment interest on any amounts awarded; and
- F. Such other or further relief as may be appropriate.

DEMAND FOR JURY TRIAL

The undersigned hereby demands a trial by jury as to all issues so triable.

Respectfully submitted,

GRANT & EISENHOFER P.A.

/s/ Adam J. Gomez

Adam J. Gomez (PA Bar # 317145)

Tudor I. Farcas (PA Bar # 316541)

M. Elizabeth Graham (*Pro Hac Vice*
Forthcoming)

123 Justison Street, 6th Floor

Wilmington, DE 19801

Tel: 302-622-7000

agomez@gelaw.com

tfarcas@gelaw.com

egramham@gelaw.com

Attorney for Plaintiffs

Date: September 21, 2020

EXHIBIT A

POLICY NUMBER: **MCRD42195339**

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims. All other terms and conditions of the policy remain unchanged.

Authorized Agent

CHUBB®

**Chubb Producer Compensation
Practices & Policies**

Chubb believes that policyholders should have access to information about Chubb's practices and policies related to the payment of compensation to brokers and independent agents. You can obtain that information by accessing our website at <http://www.chubbproducercompensation.com> or by calling the following toll-free telephone number: 1-866-512-2862.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

CHUBB[®]

**Policy Number
MCRD42195339**

**Renewal Of:
MCR D42195339**

**COMMON POLICY DECLARATIONS
Indemnity Insurance Company of North America**

436 Walnut Street , Philadelphia, PA 19106

Item 1. Named Insured and Mailing Address	Agent Name and Address
S&D DINING GROUP LLC DBA COME PRIMA c/o Brady Risk Restaurant Grou 903 MADISON AVE NEW YORK NY 10021	INNOVATIVE COVERAGE CONCEPTS LLC 8 WOOD HOLLOW ROAD PARSIPPANY NJ 07054
	Agent No. Z03347

Item 2. Policy Period	From: 02-12-2020	To: 02-12-2021
at 12:01 A.M., Standard Time at your mailing address shown above.		

Item 3.	Business Description: RESTAURANT
	Form of Business: LIMITED LIABILITY COMPANY

Item 4. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

This policy consists of the following coverage parts for which a premium is indicated. Where no premium is shown, there is no coverage. This premium may be subject to adjustment.

Coverage Part(s)	Premium
Commercial Property Coverage Part	\$ 9,077.00
Commercial General Liability Coverage Part	\$ 9,890.00
Crime and Fidelity Coverage Part	NOT COVERED
Commercial Inland Marine Coverage Part	NOT COVERED
Commercial Auto (Business or Truckers) Coverage Part	NOT COVERED
Commercial Garage Coverage Part	NOT COVERED
TAX OR SURCHARGE OR FEE	\$ 51.98
Total Policy Premium	\$ 19,018.98

Item 5. Forms and Endorsements	
Form(s) and Endorsement(s) made a part of this policy at time of issue: See Schedule of Forms and Endorsements	BILL TYPE: Agent Billing BILL PLAN: Annual

Countersigned:
Date: _____ By: _____
Authorized Representative

CHUBB®

POLICY NUMBER: MCRD42195339

SIGNATURES

THE ONLY COMPANY APPLICABLE TO THIS POLICY IS THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

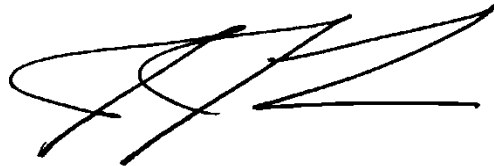
By signing and delivering the policy to you, we state that it is a valid contract.

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA (A stock company)
BANKERS STANDARD INSURANCE COMPANY (A stock company)
ACE AMERICAN INSURANCE COMPANY (A stock company)
ACE PROPERTY AND CASUALTY INSURANCE COMPANY (A stock company)
INSURANCE COMPANY OF NORTH AMERICA (A stock company)
PACIFIC EMPLOYERS INSURANCE COMPANY (A stock company)
ACE FIRE UNDERWRITERS INSURANCE COMPANY (A stock company)
WESTCHESTER FIRE INSURANCE COMPANY (A stock company)

436 Walnut Street, P.O. Box 1000, Philadelphia, Pennsylvania 19106-3703



REBECCA L. COLLINS, Secretary



JOHN J. LUPICA, President

CHUBB®

**Policy Number
MCRD42195339**

SCHEDULE OF LOCATIONS

Indemnity Insurance Company of North America

Named Insured S&D DINING GROUP LLC DBA COME

Effective Date: 02-12-20
12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

Loc. No.	Bldg. No.	Designated Locations (Address, City, State, Zip Code)	Occupancy
001	001	903 Madison Ave, DBA Come Prima, New York, NY 10021	Restaurant

CHUBB®**Policy Number
MCRD42195339****SCHEDULE OF FORMS AND ENDORSEMENTS****Indemnity Insurance Company of North America**

Named Insured S&D DINING GROUP LLC DBA COME

Effective Date: 02-12-20

12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

COMMON POLICY FORMS AND ENDORSEMENTS

ALL-21101	11-06	TRADE OR ECONOMIC SANCTIONS ENDORSE
ALL-20887	10-06	CHUBB PRODUCER COMP PRACTICES & POLICIES
IL P 001	01-04	US TREASURY DEPT'S OFAC ADVISORY NOTICE
ALL-24624	01-08	COMMON POLICY DECLARATIONS
CC-1K11I	02-18	SIGNATURES
ALL-24625	01-08	SCHEDULE OF LOCATIONS
ALL-24626	01-08	SCHEDULE OF FORMS AND ENDORSEMENTS
ALL-24630	01-08	SCHEDULE OF TAXES, SURCHARGES OR FEES
IL 00 17	11-98	COMMON POLICY CONDITIONS
IL 00 23	07-02	NUCLEAR ENERGY LIABILITY EXCLUSION ENDT
IL 01 83	08-08	NEW YORK CHANGES - FRAUD
IL 01 85	08-08	NEW YORK CHANGES-CALCULATION OF PREMIUM
IL 02 68	01-14	NEW YORK CHANGES-CANC & NONRENL
IL 09 35	07-02	EXCL OF CERTAIN COMPUTER- RELATED LOSSES
IL 09 52	01-15	CAP/LOSSES FROM CERTIFIED ACTS OF TERROR
TRIA11C	01-15	DISCLOSURE TERRORISM RISK INSURANCE AC

PROPERTY FORMS AND ENDORSEMENTS

CP 00 10	10-12	BUILDING & PERSONAL PROPERTY COVERAGE
CP 00 30	10-12	BUSINESS INCOME COVERAGE (&/EX EXP)
CP 00 90	07-88	COMMERCIAL PROPERTY CONDITIONS
FA-47549	02-16	RESTAURANT ENHANCEMENT ENDORSEMENT
FA-7Y32A	04-15	EQUIPMENT BREAKDOWN COVERAGE
FA-24633	01-08	COMM PROPERTY COV PART SUPP DEC
CP 01 33	05-18	NEW YORK CHANGES
CP 01 64	10-12	NY CHANGES-FUNGUS, WET ROT AND DRY ROT
CP 01 78	08-08	NY-EXCL OF LOSS DUE TO VIRUS OR BACTERIA
CP 04 11	10-12	PROTECTIVE SAFEGUARDS
CP 10 30	10-12	CAUSES OF LOSS - SPECIAL FORM
CP 15 56	06-07	BUS INC CHNGS-BEGIN PERIOD/RESTORATION
FA-8Y96A	04-15	EQUIPMENT BREAKDOWN COV ENDORS SCHEDULE

GENERAL LIABILITY FORMS AND ENDORSEMENTS

LD-24638	01-08	COMM GENERAL LIABILITY COVERAGE SUPP DEC
LD-24640	01-08	LIQUOR LIABILITY COVERAGE PART DEC
LD-25124	01-08	COMM GENERAL LIABILITY COVERAGE SCHEDULE
CG 00 01	04-13	COMMERCIAL GENERAL LIABILITY COV FORM
CG 00 33	04-13	LIQUOR LIABILITY COV FORM (OCCURRENCE)
LD-47554	02-16	RESTAURANT GENERAL LIABILITY EXTRA ENDT
CG 01 04	12-04	NEW YORK CHANGES - PREMIUM AUDIT
CG 01 63	04-17	NY CHGS - COMMERCIAL GEN LIAB COV FORM
CG 26 03	04-17	NY CHANGES - LIQUOR LIABILITY COVERAGE
CG 21 06	05-14	EXCL-ACC/DISCL OF CONFI OR PERSONAL INFO
CG 21 47	12-07	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 21 65	12-04	TOTAL POLLUTION EXCL-WITH EXCEPTIONS
CG 21 70	01-15	CAP LOSSES FROM CERTIF ACTS OF TERRORISM
CG 24 07	01-96	PROD/COMPLETED OPERATIONS HAZARD REDEFIN
CG 25 04	05-09	DESIGNATED LOCATIONS GENERAL AGGREGATE
CG 26 21	10-91	NY CHANGES - TRANSFER OF DUTIES
CG 26 35	12-93	NY CHANGES - TRANSFER OF DUTIES
LD-3R16	03-87	EXCLUSION - ASBESTOS

ALL-24626 (01/08)

CHUBB®

**Policy Number
MCRD42195339**

SCHEDULE OF FORMS AND ENDORSEMENTS

Indemnity Insurance Company of North America

Named Insured S&D DINING GROUP LLC DBA COME

Effective Date: 02-12-20
12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

LD-4R10A	06-87	NON-OWNED AND RENTED AUTO LIABILITY
LD-4T20	02-93	EXCLUSION - LEAD - NEW YORK
LD-8C81	08-90	NEW YORK EMPLOYEE BENEFITS LIABILITY

CHUBB®

Policy Number
MCRD42195339

SCHEDULE OF TAXES, SURCHARGES OR FEES
Indemnity Insurance Company of North America

Named Insured S&D DINING GROUP LLC DBA COME

Effective Date: 02-12-20
12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

ALL-24624 (cont.)

TAXES/SURCHARGES/FEES DETAILED BREAKDOWN :

FIRE INSURANCE SURCHARGE	\$	51.98
TOTAL TAXES/SURCHARGES/FEES	\$	51.98

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
 TRANSPORTATION

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

FRAUD

We do not provide coverage for any insured ("insured") who has made fraudulent statements or engaged in fraudulent conduct in connection with any loss ("loss") or damage for which coverage is sought under this policy.

However, with respect to insurance provided under the COMMERCIAL AUTOMOBILE COVERAGE PART, we will provide coverage to such "insured" for damages sustained by any person who has not made fraudulent statements or engaged in fraudulent conduct if such damages are otherwise covered under the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK

- A.** For policies with fixed terms in excess of one year, or policies with no stated expiration date, except as provided in Paragraph **B.**, the following applies:
- The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each renewal or continuation of this policy, we will compute the premium in accordance with our rates and rules then in effect.
- B.** For policies with fixed terms in excess of one year, where premium is computed and paid annually, the following applies:
- 1.** The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. Such rates and rules will be used to calculate the premium at each anniversary, for the entire term of the policy, unless the specific reasons described in Paragraph **2.** or **3.** apply.
 - 2.** The premium will be computed based on the rates and rules in effect on the anniversary date of the policy only when, subsequent to the inception of the current policy period, one or more of the following occurs:
 - a.** After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;
 - b.** A material physical change in the property insured, occurring after issuance or last anniversary renewal date of the policy, causes the property to become uninsurable in accordance with underwriting standards in effect at the time the policy was issued or last renewed; or
 - c.** A material change in the nature or extent of the risk, occurring after issuance or last anniversary renewal date of the policy, which causes the risk of "loss" to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed.
 - 3.** If, subsequent to the inception of the current policy period, the Limit of Insurance is increased, or Additional Coverages or Causes of Loss are insured, the rate and rules in effect at the time of the change will be applied to calculate the premium and will continue to apply to the change at subsequent anniversary dates.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A. Paragraphs 1., 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:**
- 1.** The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.
 - 2. Cancellation Of Policies In Effect**
 - a. 60 Days Or Less**
We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1)** 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph **A.2.b.** below.
 - (2)** 15 days before the effective date of cancellation if we cancel for any of the reasons included in Paragraph **A.2.b.** below.
 - b. For More Than 60 Days**
If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed below, provided we mail the first Named Insured written notice at least 15 days before the effective date of cancellation:
 - (1)** Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
 - (2)** Conviction of a crime arising out of acts increasing the hazard insured against;
 - (3)** Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
 - (4)** After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current policy period;
 - (5)** Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, which results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
 - (6)** Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;

(7) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or

(8) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Department of Financial Services, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Department of Financial Services.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the **Cancellation** Common Policy Condition:

7. If one of the reasons for cancellation in Paragraph **A.2.b.** or **D.2.b.(2)** exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

C. The following conditions are added:

1. Nonrenewal

If we decide not to renew this policy we will send notice as provided in Paragraph **C.3.** below.

2. Conditional Renewal

If we conditionally renew this policy subject to:

a. A change of limits;

b. A change in type of coverage;

c. A reduction of coverage;

d. An increased deductible;

e. An addition of exclusion; or

f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph **C.3.** below.

3. Notices Of Nonrenewal And Conditional Renewal

a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs **C.1.** and **C.2.** above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:

(1) The expiration date; or

(2) The anniversary date if this is a continuous policy.

b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.

d. If we violate any of the provisions of Paragraph **C.3.a., b.** or **c.** above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:

(1) And if notice is provided prior to the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60-day period, has replaced the coverage or elects to cancel;

- (2) And if the notice is provided on or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.
- e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
- (1) Upon expiration of the 60-day period, unless Subparagraph (2) below applies; or
- (2) Notwithstanding the provisions in Paragraphs d.(1) and d.(2), as of the renewal date of the policy if the conditional renewal notice was sent at least 30 days prior to the expiration or anniversary date of the policy.
- f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.
- D. The following provisions apply when the Commercial Property Coverage Part, the Farm Coverage Part or the Capital Assets Program (Output Policy) Coverage Part is made a part of this policy:
1. Items D.2. and D.3. apply if this policy meets the following conditions:
- a. The policy is issued or issued for delivery in New York State covering property located in this state; and
- b. The policy insures:
- (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
- (2) For loss of or damage to personal property other than farm personal property or business property; or
- (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and
- c. The portion of the annual premium attributable to the property and contingencies described in 1.b. exceeds the portion applicable to other property and contingencies.
2. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:
- 2. Procedure And Reasons For Cancellation**
- a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- b. But if this policy:
- (1) Has been in effect for more than 60 days; or
- (2) Is a renewal of a policy we issued; we may cancel this policy only for one or more of the following reasons:
- (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
- (2) Conviction of a crime arising out of acts increasing the risk of loss;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
- (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
- (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
- (a) Issued the policy; or
- (b) Last voluntarily renewed the policy;

- (6) The Superintendent of Financial Services' determination that continuing the policy would violate Chapter 28 of the Insurance Law; or
- (7) Required pursuant to a determination by the Superintendent of Financial Services that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

a. Conditional Continuation

Instead of cancelling this policy, we may continue it on the condition that:

- (1) The policy limits be changed; or
- (2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

b. Nonrenewal

If, as allowed by the laws of New York State, we:

- (1) Do not renew this policy; or
- (2) Condition policy renewal upon:
 - (a) Change of limits; or
 - (b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

- (a) At least 45 days; but
- (b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

E. The following is added to the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

When the property is subject to the Anti-arson Application in accordance with New York Department of Financial Services' Insurance Regulation No. 96, the following provisions are added:

If you fail to return the completed, signed and affirmed anti-arson application to us:

- 1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel the entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.
- 2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in **E.1.** and **E.2.** above supersede any contrary provisions in this policy including this endorsement.

If the notice in **E.1.** or **E.2.** above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

F. The following applies to the Commercial Property Coverage Part, the Farm Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

Paragraphs **f.** and **g.** of the **Mortgageholders** Condition are replaced by the following:

f. Cancellation

- (1) If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.

(2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:

- (a) The effective date of cancellation of the insured's coverage; or
- (b) 10 days after we give notice to the mortgageholder.

g. Nonrenewal

(1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

(2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:

- (a) The expiration date of the policy; or
- (b) 10 days after we give notice to the mortgageholder.

G. The following provisions apply when the following are made a part of this policy:

- Commercial General Liability Coverage Part
- Employment-Related Practices Liability Coverage Part
- Farm Liability Coverage Form
- Liquor Liability Coverage Part
- Products/Completed Operations Liability Coverage Part

- 1. The aggregate limits of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with Paragraph **C.3.d.** above.
- 2. The last sentence of Limits Of Insurance does not apply when the policy period is extended because we sent the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

POLICY NUMBER: MCRD42195339

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in this endorsement or in the policy Declarations.

Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% for year 2015; 84% beginning on January 2016; 83% beginning on January 1 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Terrorism Risk Insurance Act premium: \$900 .

Authorized Representative

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BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.**, does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 - (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100
— 250
\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
\$59,850 + \$80,000 = \$139,850

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

- (a)** Vandalism;
- (b)** Sprinkler leakage, unless you have protected the system against freezing;
- (c)** Building glass breakage;
- (d)** Water damage;
- (e)** Theft; or
- (f)** Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
 - d. Glass at the cost of replacement with safety-glazing material if required by law.
 - e. Tenants' Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

The amount of loss is:

Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in **(2)(a)** above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on Paragraph **A.4.d.** therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition**COINSURANCE**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,
 that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 150,000
 The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 200,000
 The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is: \$ 120,000

The fraction shown in the Declarations for this Optional Coverage is: 1/4

The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000
 (\$120,000 x 1/4 = \$30,000)

If, in this example, the actual amount of loss is:

Days 1–30:	\$ 40,000	
Days 31–60:	\$ 20,000	
Days 61–90:	\$ 30,000	
	\$ 90,000	

We will pay:

Days 1–30:	\$ 30,000	
Days 31–60:	\$ 20,000	
Days 61–90:	\$ 30,000	
	\$ 80,000	

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example

When: The Limit of Insurance is: \$ 100,000

The Agreed Value is: \$ 200,000

The amount of loss is: \$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RESTAURANT ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
 CAUSES OF LOSS – SPECIAL FORM

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If there is a Deductible or “period of restoration” that applies to a Covered Cause of Loss, that Covered Cause of Loss Deductible or “period of restoration” supersedes any Deductible or “period of restoration” within this endorsement. This includes, but is not limited to, a Deductible or “period of restoration” for windstorm, earth movement, earthquake or flood.

A. In the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Section **A. Coverages**, Paragraph **4. Additional Coverages** is amended to add the following Additional Coverages. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Additional Coverages is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance shown in the Declarations.

1. Accounts Receivable

- a.** If your records of accounts receivable are lost or damaged by a Covered Cause of Loss, we will pay:
 - (1)** All amounts due from your customers that you are unable to collect;
 - (2)** Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (3)** Collection expenses that are in excess of your normal collection expenses that are made necessary by the loss; and
 - (4)** Other reasonable expenses that you incur to reestablish your records of accounts receivable.
- b.** To the extent that coverage for accounts receivable is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- c.** With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Section **B. Exclusions**, is amended to delete all of the exclusions except for the following:
 - (1) B.1.c.**
 - (2) B.1.d.**
 - (3) B.1.f.**
 - (4) B.2.f.**
 - (5) B.2.g.**
 - (6) B.3.**
- d.** With respect to this Additional Coverage only, the following is added to Paragraph **B. Exclusions**, of the **CAUSES OF LOSS – SPECIAL FORM**:

We will not pay for loss or damage caused directly or indirectly by or resulting from:

 - (1)** Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking, or withholding of “money”, “securities”, or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
 - (2)** Bookkeeping, accounting, or billing errors or omissions.
 - (3)** Electrical or magnetic injury, disturbance, or erasure of electronic recordings. But we will pay for direct loss or damage caused by lightning.
 - (4)** Errors in machine programming or instructions to machines.
 - (5)** Operator or programmer error.
 - (6)** Unauthorized instructions to transfer property to any person or to any place.

We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- e.** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (1)** Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

- (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- f. The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss or damage;
 - (2) The amount of the accounts that you are able to reestablish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.
- g. The most we will pay in any one occurrence at each described premises is \$50,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

2. Brands And Labels

- a. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, we will pay your reasonable expenses and you may:
 - (1) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
 - (2) Remove the brands or labels, if doing so will not physically damage the merchandise.
You must re-label the merchandise or its containers to comply with the law.
- b. We will pay for the loss in value of the salvaged merchandise resulting from stamping it or removing the brands and labels.
- c. The most we will pay for loss or damage in any one occurrence is \$50,000.

3. Debris Removal

The additional limit for debris removal expense referenced in Paragraph **a.(4)** of the Debris Removal Additional Coverage is increased from \$10,000 to \$100,000.

4. Employee Dishonesty

- a. We will pay for direct loss to Business Personal Property and “money” and “securities” resulting from dishonest acts committed by any of your “employees” acting alone or in collusion with other persons (except you or your partners, “members” or “managers”) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other “employee” benefits earned in the normal course of employment) for:
 - (a) Any “employee”; or
 - (b) Any other person or organization.
- b. We will extend the coverage provided to comply with certain provisions of the Employee Retirement Income Security Act (ERISA). However, coverage is provided only when you own, control or operate the “Employee Benefit Plan” and the “Employee Benefit Plan” is shown in the Declarations. Any payment we make for loss sustained will be made to the “Employee Benefit Plan” sustaining the loss.
- c. To the extent that coverage for employee dishonesty is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- d. With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Section **B. Exclusions**, is amended to delete all of the exclusions except for the following:
 - (1) **B.1.c.**
 - (2) **B.1.d.**
 - (3) **B.1.f.**
 - (4) **B.2.i.**

- e. With respect to this Additional Coverage only, the following is added to Section **B. Exclusions** of the **CAUSES OF LOSS – SPECIAL FORM**:

This insurance does not apply to:

- (1) Loss or damage resulting from any dishonest or criminal act that you or any of your partners, “members”, officers, “managers”, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose commit whether acting alone or in collusion with other persons.
 - (2) Loss or damage caused by an “employee” if the “employee” had also committed “theft” or any other dishonest act prior to the effective date of this policy and you or any of your partners, “members”, officers, “managers”, directors or trustees, not in collusion with the “employee”, learned of that “theft” or dishonest act prior to the policy period shown in the Declarations.
 - (3) Loss or damage resulting from the unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, process methods or customer lists; or the unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information, or similar non-public information.
 - (4) Fees, costs and expenses incurred by you which are related to any legal action.
 - (5) Loss or damage when the only proof of which as to its existence or amount is an inventory computation or a profit and loss computation.
 - (6) Loss or damage resulting from trading, whether in your name or in a genuine or fictitious account.
 - (7) Loss or damage resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.
- f. All loss caused by one or more “employee” or involving a single act or series of related acts is considered one occurrence.
- g. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance accumulates from year to year or period to period.
- h. We will pay only for covered loss sustained during the policy period and discovered no later than one year from the end of the policy expiration.
- i. If you discover a loss during the policy period that you (or any predecessor in interest) sustained during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
- (1) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss were committed or occurred.
 - (3) This coverage is provided within, and not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
 - (a) This Additional Coverage as of its effective date; or
 - (b) The prior insurance, had it remained in effect.
- j. The most we will pay for loss or damage in any one occurrence is \$100,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

5. Fine Arts

- a. We will pay for direct physical loss or damage to fine arts that you own or that belong to others while in your care, custody or control.
- b. Fine arts include property of rare, historical or artistic merit including, but not limited to, paintings, drawings, etchings, pictures, tapestries, art or rare glass, art glass windows, valuable rugs, statuary, sculptures, antiques, antique jewelry and bric-a-brac.

- c. The value of fine arts, including newly acquired property, will be based on a qualified, professional appraisal conducted within the last three years. If an appraisal is not available, the value will be based on the least of the following amounts:
 - (1) The actual cash value of the property;
 - (2) The cost of reasonably restoring that property to its condition immediately before loss; or
 - (3) The cost of replacing that property with substantially identical property.

In the event of loss, the value of the property will be determined as of the time of loss.

- d. It is a condition of this Additional Coverage that you must have the fine arts packed and unpacked by competent packers.
 - e. Our payment for loss of fine arts of others in your care, custody or control will only be for the account of the owner of the fine arts.
 - f. The most we will pay in any one occurrence at each described premises is \$100,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
 - g. We will also pay up to an additional \$10,000 in any one occurrence for fine arts that you acquire during the policy period, for up to 30 days, but not beyond the end of the policy period. You must report such property within 30 days from the date acquired. If you do not report this newly acquired property to us, coverage will end automatically 30 days after the date of its acquisition.
- 6. Fire Department Service Charge**

Under section **A. Coverage**, Paragraph **4.c. Fire Department Service Charge**, the most we will pay is revised from \$1,000 to \$25,000.

7. Fire Extinguisher Systems Expense – Including Automatic Cooking Protection Systems

- a. We will pay for the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises.
- b. We will pay for loss or damage to covered property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
- c. We will pay for loss or damage to covered property caused by the accidental discharge of fire suppressant chemicals from an automatic extinguishing system over your cooking equipment, including the cost to recharge the automatic extinguishing system after accidental discharge.
- d. No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- e. A Deductible does not apply to this Additional Coverage.
- f. The most we will pay in any one occurrence at each described premises is \$25,000.

8. Forgery Or Alteration

- a. We will pay for loss resulting directly from “forgery” or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in “money” that are made or drawn by or drawn upon you or made or drawn by one acting as your agent, or that are purported to have been so made or drawn.
- b. We will pay for loss resulting directly from “forgery” or alteration of written instruments required in conjunction with any credit, debit or charge card issued to you or any “employee” for business purposes.
- c. For the purpose of this Additional Coverage, we will consider electronically or mechanically reproduced facsimile signatures the same as handwritten signatures.
- d. If you are sued for refusing to pay any instrument covered in Paragraph **a.** or **b.** above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.
- e. With respect to this Additional Coverage only, the following exclusion is added:

Non-Compliance with Credit, Debit, or Charge Card Issuer’s Requirements

We will not pay for loss arising from any credit, debit or charge card if you have not complied fully with the provisions, conditions or other terms under which the card was issued.

- f. To the extent that coverage for forgery or alteration is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- g. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
- h. The most we will pay for any loss in any one occurrence, including legal expenses, is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule 0.

9. Lost Key Consequential Loss

- a. If a master or grand master key is lost or damaged by a Covered Cause of Loss, including "theft", we will pay for the actual cost of keys, the cost of adjusting locks to accept new keys, or the cost of new locks, if required, of like kind and quality including the cost of their installation.
- b. This Additional Coverage does not apply to keys left in the possession of former employees.
- c. The most we will pay in any one occurrence at each described premises is \$5,000.
- d. A deductible of \$100 applies.

10. Computer Fraud and Funds Transfer Fraud

- a. We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises"; and for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account":
 - (1) To a person (other than a "messenger") outside those "premises"; or
 - (2) To a place outside those "premises".
- b. The most we will pay for all loss resulting directly from an "occurrence" is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
- c. This insurance does not apply to:
 - (1) Loss resulting from "theft" or any other dishonest act committed by:
 - (a) You; or
 - (b) Any of your partners or "members,"
whether acting alone or in collusion with other persons.
 - (2) Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.
 - (3) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.
 However, where you establish wholly apart from such computations that you have sustained a loss then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.
 - (4) Loss resulting from:
 - (a) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customers lists; or
 - (b) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information or similar non-public information.
 - (c) The use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards of the information contained on such cards.
- d. We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- (1) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
 - (2) No later than 1 year from the date of that cancellation with regards to any "employee benefit plans".
 - e. We will pay only for loss you sustain through an "occurrence" that occurs during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year to period to period.
 - f. This Additional Coverage terminates as to any "employee":
 - (1) As soon as:
 - (a) You; or
 - (b) Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";learn of "theft" or any dishonest act committed by the "employee" whether before or after becoming employed by you.
 - (2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.
- We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

g. The coverage territory applicable to this Additional Coverage is worldwide.

h. Definitions

The following definitions are added and apply only to this Additional Coverage:

- (1) "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- (2) "Fraudulent instruction" means:
 - (a) An electronic, telegraphic, cable, teletype, tele facsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - (b) A written instruction (other than those described in the Forgery Or Alteration Additional Coverage) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - (c) An electronic, telegraphic, cable, teletype, tele facsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
- (3) "Funds" means "money" and "securities".
- (4) "Messenger" means you, or a relative of your, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".
- (5) "Occurrence" means:
 - (a) An individual act;
 - (b) The combined total of all separate acts or events whether or not related; or
 - (c) A series of acts or events whether or not related;committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.
- (6) "Premises" means that interior of that portion of any building you occupy in conducting your business.

(7) "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or deliver of "funds":

- (a) By means of electronic, telegraphic, cable, teletype, tele facsimile or telephone instructions communicated directly through an electronic funds transfer system; or
- (b) By means of written instructions (other than those described in the Forgery Or Alteration Additional Coverage) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

- i. To the extent that coverage for computer fraud and funds transfer fraud is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- j. With respect to this Computer Fraud Coverage and Funds Transfer Fraud Additional Coverage only, the following are removed from the **CAUSES OF LOSS – SPECIAL FORM**:

- (1) Paragraph **B.2.i.** under **Exclusions**; and
- (2) Paragraph **C.1.f.** under **Limitations**.

11. Money And Securities

- a. We will pay for loss of "money" and "securities" used in your business resulting directly from "theft", disappearance; or destruction, while:
 - (1) In or on the described premises, or within a bank or savings institution; or
 - (2) Anywhere outside the premises.
- b. We will not pay for loss:
 - (1) Resulting from accounting or arithmetical errors or omissions;
 - (2) Due to the giving or surrendering of property in any exchange or purchase; or
 - (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous reading instrument in the device.
- c. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- d. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
- e. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000 inside the premises and \$10,000 outside the premises, unless higher Limits Of Insurance are shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

12. Money Orders And Counterfeit Money

- a. We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:
 - (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
 - (2) "Counterfeit money" that is acquired during the regular course of business.
- b. With respect to this Additional Coverage only, an occurrence means:
 - (1) An individual act or event;
 - (2) The combined total of all separate acts or events whether or not related; or
 - (3) A series of acts or events whether or not related;
 committed by a person acting alone or in collusion with other persons.
- c. The most we will pay in any one occurrence at each described premises is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

13. Ordinance Or Law – Building or Tenant's Improvements And Betterments

- a. We will pay for the following loss or damage caused by the enforcement of any ordinance or law:

(1) Coverage For Loss To The Undamaged Portion Of The Building Or Tenant's Improvements Or Betterments

In the event of damage to covered buildings or tenant's improvements or betterments by a Covered Cause of Loss, we will pay for the loss in value of the undamaged portion of the building or tenant's improvements or betterments, as a consequence of the enforcement of an ordinance or law that requires demolition of undamaged parts of the covered property.

This coverage is included within the Limits of Insurance shown in the Declarations as applicable to the covered building or tenant's improvements or betterments and is not in addition to the Limits of Insurance applicable to such Covered Property. The Deductible applicable to the Covered Property, also applies to this Additional Coverage.

(2) Demolition Cost Coverage

With respect to the building or tenant's improvements and betterments that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building or tenant's improvements or betterments, as a consequence of the enforcement of an ordinance or law that requires demolition of such undamaged property.

The most we will pay for loss or damage in any one occurrence at each described premises is \$250,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

(3) Increased Cost Of Construction Coverage

With respect to the building or tenant's improvements and betterments that has sustained covered direct physical damage, we will pay the increased costs incurred to comply with the enforcement of the minimum requirements of the ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the following limitations:

(a) We will not pay for the increased cost of construction:

- (1)** Unless the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law;
- (2)** Until the property is actually repaired or replaced, at the same or another premises;
- (3)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years;
- (4)** If you were required to comply with the ordinance or law before the loss, even when the building was undamaged, and you failed to comply.

(b) If the building or tenant's improvements or betterments are repaired or replaced at the same premises the most we will pay for the increased cost of construction is the increased cost of construction at the premises. If you elect to rebuild at another premises, or if the ordinance or law requires you to relocate to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(c) The most we will pay for loss or damage in any one occurrence at each described premises is \$250,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

b. Under this Additional Coverage, we will not pay for:

- (1)** The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, or bacteria; or
- (2)** Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

c. The ordinance or law referred to in this Additional Coverage is an ordinance or law that regulates the construction or repair of property or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

- d. This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- e. This Additional Coverage applies only to the buildings or tenant's improvements or betterments if the Replacement Cost Optional Coverage applies.
- f. With respect to this Additional Coverage only, the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is amended as follows:
 - (1) Section **E. Loss Conditions**, Paragraph **4.b. of Loss Payment** does not apply.
 - (2) Section **E. Loss Conditions**, Paragraph **7.b. of Valuation** does not apply.
 - (3) Section **F. Additional Conditions**, Paragraph **1. Coinsurance**, applies only to paragraphs **a.(2)** and **a.(3)** above.
 - (4) Section **G. Optional Coverages**, Paragraph **3.f. of Replacement Cost** does not apply.
- g. With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Paragraph **B. Exclusions, 1.a. Ordinance Or Law** does not apply.

14. Ordinance Or Law - Equipment

- a. With respect to covered equipment we will pay the increased costs incurred to comply with the enforcement of the minimum requirements of an ordinance or law to repair or replace your covered equipment that has sustained direct physical damage by a Covered Cause of Loss.
- b. If loss or damage to covered refrigeration equipment is caused by a Covered Cause of Loss, we will pay:
 - (1) The cost to reclaim the refrigerant as required by law;
 - (2) The cost to retrofit the equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990 and any amendments thereto or any similar laws; and
 - (3) The increased cost to recharge the system with a non-CFC refrigerant.

This Coverage Extension does not apply if such loss or damage is provided elsewhere in this policy.
- c. We will not pay under this Additional Coverage for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of "pollutants".
- d. If the equipment is repaired or replaced at the same premises, or at another premises, the most we will pay under this Additional Coverage is the lesser of:
 - (1) The increased cost to repair or replace the equipment; or
 - (2) The Limit of Insurance shown in the Declarations applicable to your Building; or
 - (3) The Limit of Insurance shown in the Declarations applicable to your Business Personal Property when the covered equipment is not attached to the Building.
- e. We will not pay for the increased cost incurred:
 - (1) Unless the restored or remodeled equipment is intended for the same use as the current equipment, except when such equipment is not permitted by zoning or land use ordinance or law;
 - (2) Until the property is actually repaired or replaced, at the same or another premises.
- f. We will not pay for loss due to any ordinance or law that you were required to comply with before the loss, even when the equipment was undamaged, and you failed to comply.
- g. The ordinance or law referred to in this Additional Coverage is an ordinance or law that regulates the equipment requirements at the described premises and is in force at the time of loss.
- h. This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- i. With respect to this Additional Coverage only, Section **F. Additional Conditions**, Paragraph **1. Coinsurance** does not apply.
- j. With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Paragraph **B. Exclusions, 1.a. Ordinance Or Law** does not apply.

15. Reward Payment *(This Additional Coverage does not apply in the state of New York)*

- a. We will reimburse you for rewards paid as follows:
- (1) Up to \$10,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss to Covered Property from a Covered Cause of Loss. However we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the covered property under the **Loss Payment Condition**.
 - (2) Up to \$10,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by "theft". However, we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the **Loss Payment Condition**.
- b. This Additional Coverage applies subject to the following conditions:
- (1) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property and who is not:
 - (a) You or any family member;
 - (b) Your "employee" or any of his or her family members;
 - (c) An "employee" of a law enforcement agency;
 - (d) An "employee" of a business engaged in property protection;
 - (e) Any person who had custody of the Covered Property at the time the "theft" was committed; or
 - (f) Any person involved in the crime.
 - (2) No reward will be reimbursed unless and until the persons committing the crime are convicted or the Covered Property is returned.
- c. We will reimburse you up to the amount of the reward, for a maximum of \$10,000 in any one occurrence at each described premises.

16. Utility Services – Direct Damage (Including Spoilage and Overhead Transmission Lines)

- a. We will pay for loss or damage to Covered Property caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss.
- b. We will not pay for loss or damage that is covered elsewhere in this policy for the same loss or damage. This includes, but is not limited to, coverage provided by the **Equipment Breakdown Coverage endorsement**.
- c. This coverage does not apply to loss to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning described under paragraph **n.** of **Property Not Covered**.
- d. Utility Services includes the following:
 - (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;
 - (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), including overhead transmission lines; and
 - (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:

- (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, including overhead transmission lines.
- e. This Additional Coverage is not subject to the terms of the Utility Services Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
 - f. The most we will pay in any one occurrence at each described premises is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
 - g. This limit is part of and not in addition to the Limits of Insurance for your Covered Property.
 - h. The Deductible applicable to your Building or Business Personal Property applies.

17. Leasehold Interest Improvements and Betterments

- a. We will pay for the value of undamaged improvements and betterments when your lease is canceled by:
 - (1) The lessor; and
 - (2) A valid condition of your lease,due to direct physical loss or damage to Building or Business Personal Property caused by or resulting from a Covered Cause of Loss at the premises shown in the Declarations.
- b. When you rent the building, we will pay only if:
 - (1) At least 25% of the above building has been damaged; or
 - (2) A minimum of six months remains in your lease and at least six months is required to repair building for your occupancy.
- c. When you rent a portion of the building, we will pay only if:
 - (1) A minimum of six months remains in your lease; and
 - (2) At least six months is required to repair the building for your occupancy.
- d. The most we will pay under this Additional Coverage is \$ 100,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. This amount is additional insurance.

18. Catering Contract Penalty Clause

- a. We will pay the contract penalties you are required to pay your customers as a result of a penalty clause in your contracts for failure to deliver your products according to contract terms.
 - b. The penalties must result solely from direct physical loss or damage by a Covered Cause of Loss to Covered Property.
 - c. The most we will pay under this Additional Coverage is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. This amount is additional insurance.
 - d. No deductible applies to this additional coverage.
- B.** In the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Section **A. Coverages**, Paragraph **5. Coverage Extensions** is amended to add the following Coverage Extensions. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Coverage Extensions is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Boundary Extension

All references to property within 100 feet of the described premises are changed to within 1,000 feet of the described premises.

2. Extended Computer Coverage

In addition to the coverage for loss or damage to “computer” equipment and electronic data provided within this policy, the following additional Limits of Insurance apply:

- a. We will pay up to \$100,000 in any one occurrence at each described premises for loss or damage to your “computers, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule; and
- b. We will pay up to \$100,000 in any one occurrence at each described premises for loss or damage to your electronic data, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
- c. Coverage provided by this extension includes loss or damage to “computers” due to artificially generated electrical current if such loss or damage is caused by or results from:
 - (1) An occurrence that took place within 1,000 feet of the described premises; or
 - (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 1,000 feet of the described premises.

This Coverage Extension does not apply if such loss or damage is provided elsewhere in this policy.

- d. With respect to this Coverage Extension only, the following additional exclusions are added to the **CAUSES OF LOSS – SPECIAL FORM, Paragraph B. Exclusions:**

(1) Errors Or Omissions

Errors or omissions in processing, recording or storing electronic data on “computers”. However, we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would otherwise be covered by this policy.

(2) Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of electronic recordings. However, we will pay for direct loss or damage caused by lightning.

(3) Computer-Related Losses

Whether belonging to any insured or to others, the failure, malfunction or inadequacy of:

- (a) “Computer” hardware, including microprocessors;
- (b) “Computer” application software;
- (c) “Computer” operating systems and related software;
- (d) “Computer” networks;
- (e) Microprocessors (“computer” chips) not part of any “computer” system;
- (f) Any other computerized or electronic equipment or components; or
- (g) Any other products or any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed above as Computer-Related Losses, due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

(4) Computer Advice Or Consultation

Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in (3) above.

- e. If an excluded Cause of Loss described in d. (2) through d. (4) above results in a “specified cause of loss”, we will pay for the resulting loss or damage caused by the “specified cause of loss”. However, we will not pay for repair, replacement or modification of any items in d. (3) above to correct any deficiencies or change any features.

3. Newly Acquired Or Constructed Property

Paragraph A.5.a. **Newly Acquired Or Constructed Property** is deleted and replaced by the following:

a. Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (1) Your new buildings while being built on the described premises; and
- (2) Buildings you acquire at locations, other than the described premises, intended for:
 - (a) Similar use as the building described in the Declarations; or
 - (b) Use as a warehouse.

b. Your Business Personal Property:

If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (1) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (2) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (3) Business personal property that you newly acquire, located at the described premises.

c. Limit of Insurance

The most we will pay for loss or damage under this Coverage Extension at each described premises is \$1,000,000.

d. Period of Coverage

With respect to insurance on or at each newly acquired or constructed property coverage will end when any of the following first occurs:

- (1) This policy expires; or
- (2) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (3) With respect to "computers", when specific insurance at the newly acquired premises is obtained; or
- (4) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

4. Outdoor Property

Paragraph **A.5.e. Outdoor Property**, is deleted and replaced by the following:

- a. You may extend the insurance provided by this Coverage Form to apply to the following outdoor property located on the described premises:
 - (1) Fences and retaining walls that are not a part of a building. The most we will pay in any one occurrence at each described premises is \$25,000.
 - (2) Outdoor radios, televisions, satellites, satellite dishes or other antennas, including their masts, towers and lead-in and support wiring. The most we will pay in any one occurrence at each described premises is \$25,000.
 - (3) Trees, shrubs, plants and lawns. This does not apply to "stock". The most we will pay in any one occurrence at each described premises is \$25,000, but not to exceed \$1,000 for any one item.

Debris removal expense is included in (1) through (3) above.

- b. Loss or damage covered by this Coverage Extension must be caused by or resulting from one of the following Causes of Loss if they are Covered Causes of Loss:
 - (1) Fire;
 - (2) Lightning;
 - (3) Explosion;
 - (4) Riot or civil commotion; or
 - (5) Aircraft.

5. Outdoor Signs

- a. We will pay for direct physical loss or damage to all outdoor signs at the described premises:

- (1) Owned by you; or
- (2) Owned by others in your care, custody or control.
- b. To the extent that coverage for outdoor signs is provided under this Coverage Extension, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- c. With respect to this Coverage Extension only, the **CAUSES OF LOSS – SPECIAL FORM, Section B. Exclusions**, is amended to delete all of the exclusions except for the following:
 - (1) 1.c.
 - (2) 1.d.
 - (3) 1.f.
 - (4) 2.d.(1)
 - (5) 2.d.(2)
 - (6) 2.d.(6)
 - (7) 2.h.
 - (8) 2.i.
 - (9) 2.m.
 - (10) 3.c.(4)
- d. Section **C. Limits Of Insurance**, is amended to show that the most we will pay for loss or damage to Outdoor Signs in any one occurrence at each described premises is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. The amount we will pay under this Coverage Extension is in addition to the Limits of Insurance shown in the Declarations.

6. Pairs Or Sets

Paragraph **E.7. Valuation**, is amended to add the following:

- a. In case of total loss of any items that are part of a pair or set that is individually listed and described in the Declarations, we will pay the full Limit of Insurance shown in the Declarations for that pair or set.
- b. In case of loss to any part of a pair or set that is not individually listed and described in the Declarations, we may:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (2) Pay the difference between the value of the pair or set before and after the loss.

7. Personal Effects And Property Of Others

Paragraph **A.5.b. Personal Effects And Property Of Others**, is deleted and replaced by the following:

- a. You may extend the insurance that applies to Your Business Personal Property to apply to:
 - (1) Personal effects owned by you, your officers, your partners or “members”, your “managers” or your “employees”. This Extension of Coverage does not apply to loss or damage by “theft”.
 - (2) Personal property of others in your care, custody or control.
- The most we will pay for loss or damage under (1) and (2) above in any one occurrence at each described premises is \$50,000.
- (3) Personal property checked with you by your guests, customers, or “members” by “theft” or attempted “theft” within a checkroom on the described premises, subject to the following:
 - (a) Exclusion **B.2.i.** in the **CAUSES OF LOSS – SPECIAL FORM** does not apply to this Coverage Extension.
 - (b) The most we will pay for loss or damage for checkroom “theft” in any one occurrence at each described premises is \$50,000, subject to a maximum limit of \$25,000 any one item.
 - (c) A deductible of \$250 will apply to each occurrence.

(d) Personal Effects and Property Of Others is valued on the same basis as Your Business Personal Property, but we will not pay more than the amount for which you are legally liable.

b. Our payment for loss or damage to personal property of others will only be for the account of the owner of the property.

8. Property In Transit

a. In the **CAUSES OF LOSS - SPECIAL FORM**, Section **F. Additional Coverage Extensions**, Paragraph **1.c. Property In Transit**, the most we will pay under this Coverage Extension is revised from \$5,000 to \$25,000, or the Limit Of Insurance shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

b. The Deductible applicable to Your Business Personal Property applies to this Coverage Extension.

9. Property Off-premises

Paragraph **A.5.d. Property Off-premises**, is deleted and replaced by the following:

a. You may extend the insurance provided by this Coverage Form to apply to your Covered Property while away from the described premises, while:

(1) Temporarily at a location you do not own, lease or operate;

(2) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

(3) At any fair, trade show or exhibition.

This Coverage Extension also applies to “computers” while such property is in the course of transit or is located at a premises you do not own, lease or operate for not more than 90 days.

b. This Coverage Extension does not apply to property:

(1) In or on a vehicle, except for “computers”; or

(2) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

c. With respect to this Coverage Extension only, Paragraph **A.2. Property Not Covered**, is amended to include:

(1) Property in storage away from the premises shown in the Declarations, except as provided in this Coverage Extension; and

(2) Property while on exhibition at fairs or on the premises of any national or international exposition, except as provided in this Coverage Extension.

d. The most we will pay for loss or damage in any one occurrence is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

e. The Deductible applicable to Your Business Personal Property applies to this Coverage Extension.

10. Sewers And Drains – Back Up

a. The Covered Causes of Loss are extended to include loss or damage caused by or resulting from water that backs up from a sewer or drain. Back up of sewers and drains means direct physical loss to Covered Property caused by water which backs up through sewers or drains or water which enters into and overflows from within a sump pump well, or other type of system designed to remove subsurface water which is drained from the foundation area.

b. With respect to this Coverage Extension only, the **CAUSES OF LOSS - SPECIAL FORM**, Paragraph **B.1.g. Water**, is amended to delete subparagraph (3).

c. The most we will pay for direct physical loss caused by back up of sewers and drains is \$100,000 in any one occurrence at each described premises, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

11. Tenant Glass

a. You may extend your Business Personal Property coverage to apply to loss or damage to building glass resulting from or caused by a Covered Cause of Loss.

- b. This Coverage Extension applies when you are a tenant and have a contractual responsibility to insure the building glass. However, we will not pay for loss or damage under this Coverage Extension when such contract also requires you to insure the building.
- c. Building glass is considered the glass that is part of the building or structure, including solar heating panels, glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation. It does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.

12. Valuable Papers And Records (Other Than Electronic Data)

Paragraph **A.5.c. Valuable Papers And Records (Other Than Electronic Data)**, is deleted and replaced by the following:

- a. You may extend the insurance that applies to Your Business Personal Property to direct physical loss or damage caused by or resulting from a “specified cause of loss” or Collapse, to valuable papers and records that you own, or that are in your care, custody or control.
- b. We will pay the cost to research lost information on valuable papers and records for which duplicates do not exist.
- c. We will pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and when there is a duplicate, for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance of Your Business Personal Property and therefore coverage of such costs is not additional insurance.
- d. This Coverage Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under paragraph **n.** of **Property Not Covered**.
- e. With respect to this Coverage Extension only, the **CAUSES OF LOSS – SPECIAL FORM, Section B. Exclusions**, is amended to delete all of the exclusions except for the following:
 - (1) **B.1.c.**
 - (2) **B.1.d.**
 - (3) **B.1.f.**
 - (4) **B.2.f.**
 - (5) **B.2.g.**
 - (6) **B.3.**
- f. We will not pay for property held as samples or for delivery after sale or property in storage away from the premises shown in the Declarations.
- g. The most we will pay is \$50,000 in any one occurrence at each described premises, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. Except as addressed in **c.** above, this Coverage Extension is an additional Limit of Insurance and not subject to the Limits of Insurance on the Declarations.

C. Coverage Extension, found in:

1. Paragraph **A.6.** of the **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**

is re-titled as **Coverage Extensions** and amended to add the following Coverage Extensions. Unless specifically addressed herein, the Deductibles and “periods of restoration” that apply to these Coverage Extensions are those applicable to the described premises. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Food Contamination

- a. If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay:
 - (1) The actual loss of Business Income you sustain due to the necessary “suspension” of your “operations; and
 - (2) The following Extra Expenses:

- (a) To clean your equipment as required by the Board of Health or any other governmental authority;
 - (b) To replace food which is, or is suspected to be, contaminated;
 - (c) Necessary medical tests or vaccinations for your “employees”; and
 - (d) The cost of additional advertising to restore your reputation.
- b. This Coverage Extension for Business Income and the cost of additional advertising will begin twenty-four hours after you receive notice of closing from the Board of Health or any other governmental authority and will apply for a period of up to 90 consecutive days after such coverage begins.
- c. Food contamination means an incidence of food poisoning to one or more of your patrons as a result of:
 - (1) Tainted food you purchased;
 - (2) Food which has been unintentionally stored, handled or prepared improperly; or
 - (3) A communicable disease transmitted through one or more of your “employees”.
- d. We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination at the described premises.
- e. The Deductible does not apply to this Coverage Extension.
- f. The most we will pay in any one occurrence is:
 - (1) \$25,000 for Extra Expense; and
 - (2) \$25,000 for Business Income,unless higher Limits Of Insurance are shown in the Restaurant Enhancement Endorsement Supplemental Schedule

The limits we will pay under this coverage are in addition to the Limits of Insurance shown in the Declarations.

2. Utility Services – Time Element (Including Overhead Transmission Lines)

- a. Your Business Income and Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a “suspension” of “operations” at the described premises caused by an interruption in utility services to that premises.
- b. The interruption in utility services must result from direct physical loss by a Covered Cause of Loss to a utility service, not on the described premises.
- c. We will not pay for loss or damage to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning described in paragraph n. of **Property Not Covered** in the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**.
- d. Utility Services includes the following:
 - (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;
 - (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), including overhead transmission lines; and
 - (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, including overhead transmission lines.
- e. The “period of restoration” begins after the longest time period of the following:

- (1) 24 hours after the time of direct physical loss or damage to the off-premises property to which this Coverage Extension applies;
- (2) The “period of restoration” applicable to the described premises;
- (3) The “period of restoration” applicable to the Cause of Loss.

- f. The **CAUSES OF LOSS – SPECIAL FORM, Section B. Exclusions**, is amended to delete **e. Utility Services** to the extent that the exclusion would conflict with the provisions of this Coverage Extension.
- g. The most we will pay in any one occurrence at each described premises is \$100,000. The most we will pay in any one “named storm”, regardless of the number of described premises involved, is \$500,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

3. Tips Included as Business Income

If ordinary payroll is covered by the Business Income coverage form(s) attached to this policy, your Business Income coverage is extended to apply to tip income of your employees:

- a. As reported to you by your employees; and
- b. Reported by you to the Internal Revenue Service in accordance with Internal Revenue regulations.

D. With respect to this endorsement only, the following Definitions are added:

- 1. “Computer” means:
 - a. Your programmable electronic equipment that is used to store, retrieve and process electronic data. It includes their component parts and dedicated air conditioning, fire suppression equipment and electrical equipment used exclusively in your “computer” “operations; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing or auxiliary functions such as electronic data transmission.

“Computer” does not mean electronic data and media.

- 2. “Counterfeit money” means an imitation of “money” that is intended to deceive and to be taken as genuine.
- 3. “Employee” means:
 - a. Any natural person:
 - (1) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to “theft” or any dishonest act committed by the “employee”;
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent “employee” as defined in Paragraph a., who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;
 while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the described premises.
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph b.;
 - d. Any natural person who is a former “employee”, partner, “member”, “manager”, director or trustee retained as a consultant while performing services for you;
 - e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the described premises.
 - f. Any “employee” of an entity merged or consolidated with you prior to the effective date of this policy; or
 - g. Any of your “managers”, directors or trustees while:
 - (1) Performing acts within the scope of the usual duties of an “employee”; or

- (2) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

“Employee” does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraphs **a.** through **g.** above.

4. “Employee Benefit Plan” means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

With regard to covered “Employee Benefit Plans” the definition of “employee” is extended to include any natural person who is:

- a. A trustee, officer, “employee”, administrator, or a “manager”, except an administrator or a “manager” who is an independent contractor; and
 - b. Your director or trustee while that person is handling funds or other property of any “Employee Benefit Plan”.
5. “Forgery” means the signing of the name of another person or organization with intent to deceive.
“Forgery” does not mean a signature which consists in whole or in part of one’s own name signed with or without authority, in any capacity, for any person.
6. “Manager” means a person serving in a directorial capacity for a limited liability company.
7. “Member” means an owner of a limited liability company represented by its membership interest, who also may serve as a “manager”.
8. “Money” means currency, coins and bank notes in current use and having a face value; and traveler’s checks, register checks and money orders held for sale to the public. The value will be at its face value or its equivalent (if from a country other than the United States of America) based on exchange rates in effect when the loss occurred.
9. “Named Storm” means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association, or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A “named storm” includes hurricanes, tropical depressions, and tropical storms. A “named storm” begins at the time a Watch or Warning is issued by any of the aforementioned entities for the area in which the affected premises are located, and ends 72 hours after the termination of the last Watch or Warning issued for that area by the same entity.
10. “Securities” means negotiable and non-negotiable instruments or contracts representing either “money” or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued to you;
but does not include “money”.
11. “Theft” means the unlawful taking of property to the deprivation of the Insured.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN THE SAME.

POLICY NUMBER: MCRD42195339

EQUIPMENT BREAKDOWN COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL PROPERTY COVERAGE PART

A. ADDITIONAL COVERED CAUSE OF LOSS

The following is added to the Covered Causes of Loss:

Equipment Breakdown, meaning a "breakdown" to "covered equipment".

B. PROPERTY NOT COVERED

With regard to the coverage provided by this Endorsement only, A.2.b. in the Building and Personal Property Coverage Form is replaced with:

- b. Animals.

C. EQUIPMENT BREAKDOWN ADDITIONAL COVERAGES

The following Additional Coverages apply to loss or damage caused by or resulting from a "breakdown" to "covered equipment".

1. Business Income and Extra Expense

If Business Income and/ or Extra Expense coverage is provided in the Coverage Form, it is extended to cover loss or expense resulting from a "breakdown" to "covered equipment".

2. Expediting Expenses

With respect to your damaged Covered Property, we will pay for reasonable extra costs you incur to:

- a. Make temporary repairs; and
- b. Expedite permanent repairs or replacement.

Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. The most we will pay for expediting expenses is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

3. Pollutant Clean Up and Removal

We will pay for the additional costs you incur to repair or replace Covered Property which has been damaged, contaminated or polluted by a "hazardous substance". This includes the additional expenses you incur to clean up or dispose of such property.

Additional expenses means expenses you incur that you would not have been incurred if no "hazardous substance" had been involved.

The most we will pay for loss or damage under this Additional Coverage including any:

- a. Spoilage of "perishable goods";
- b. Actual loss of Business Income you sustain; and
- c. Necessary Extra Expense you incur;

is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

The coverage provided by this Additional Coverage does not include loss to "perishable goods" due to contamination from the release of a refrigerant.

4. Spoilage

- a. We will pay for loss of "perishable goods" due to spoilage.
- b. We will also pay for loss of "perishable goods" due to contamination from the release of a refrigerant, including but not limited to ammonia.
- c. We will pay any necessary expenses you incur to reduce the amount of loss under this Additional Coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Additional Coverage.
- d. If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "breakdown", less any discounts and expenses you otherwise would have had. Otherwise, our payment will be determined in accordance with the Loss Payment condition.

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

5. Electronic Data

- a. We will pay for your cost to research, replace and restore data, including programs and operating systems, that are lost or corrupted due to a "breakdown" to "covered equipment".
- b. We will also pay for loss or damage to "media" caused by a "breakdown".

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

6. Demolition and Increased Cost of Construction

If a "breakdown" to "covered equipment" damages a building that is Covered Property that is insured at replacement cost, and the loss is increased by the enforcement of any laws or ordinances that are in force at the time of the "breakdown" and which regulate the demolition, construction, repair or use of the building or structure, we will pay the increased cost to:

- a. Repair or reconstruct damaged portions of that Building property;
- b. Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required; and/or
- c. Demolish and clear the site of undamaged parts;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by such "breakdown";
- b. Regulates the construction or repair of buildings, or establishes zoning, or land use requirements at the described premises; and
- c. Is in force at the time of loss.

However, this coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

We will not pay more than the amount you actually spend to repair, rebuild or reconstruct the building or to demolish and clear the site of the described premises.

We will not pay for any of the following types of expenses that you incur arising out of the enforcement of building, zoning or land use ordinance or law:

- a. Fines;
- b. Your liability to a third party;
- c. Any increased costs you incur to clean up or dispose of Covered Property that has been contaminated by a "hazardous substance"; or
- d. Any increased cost of construction until the building is actually repaired, reconstructed or remodeled.

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

7. Service Interruption

You may extend coverage provided under this endorsement for Business Income, Extra Expense and Spoilage to apply to loss or damage caused by or resulting from a "breakdown" to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Coverage for Service Interruption will begin 72 hours after the time the "breakdown" causes the interruption of the utility service, unless a different time is shown for Service Interruption-Waiting Period in the Equipment Breakdown Schedule.

C. EQUIPMENT BREAKDOWN EXCLUSIONS**1. All Exclusions and Limitations apply except:****a. In the Causes of Loss-- Special Form:**

(1) Exclusions B.2.a., B.2.d.(6) and B.2.e.; and

(2) Limitations C.1.a. and C.1.b.

b. In the Causes of Loss-- Broad Form: Exclusions B.2.a., B.2.b. and B.2.c.**c. In the Causes of Loss-- Basic Form: Exclusions B.2.a., B.2.d. and B.2.e.****2. The Exclusions and Limitations are modified as follows:****a. The following is added to Exclusion B.1.g.(1) of the applicable Causes of Loss form:**

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and Deductible.

b. If the Causes of Loss-- Basic Form or Causes of Loss-- Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if loss or damage from a "breakdown" results, we will pay for that resulting loss or damage.

c. If the Causes of Loss-- Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "breakdown", we will pay for the loss or damage caused by that "breakdown".

d. We will not pay under this endorsement loss or damage caused by or resulting from:

(1) Your failure to use all reasonable means to protect the "perishable goods" from damage following a "breakdown";

(2) Any of the following tests:

(a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or

(b) An insulation breakdown test of any type of electrical equipment.

e. With respect to the Service Interruption and Spoilage Additional Coverages, we will also not pay for loss or damage caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; or collapse.**D. SPECIAL DEDUCTIBLE**

As respects Equipment Breakdown Coverage, when a Special Deductible is shown in the Schedule, Paragraph D. DEDUCTIBLE is deleted and replaced with the following:

1. Property Damage, Business Income and Extra Expense Coverages

The Property Damage Coverages Deductibles apply to all loss or damage covered by this endorsement, with the exception of those coverages subject to the Business Income and Extra Expenses Coverages Deductibles. If deductibles vary by type of "covered equipment" and more than one type of equipment is involved in any one "breakdown", only the highest deductible will apply.

2. Application of Special Deductibles**a. Dollar Deductibles**

We will not pay for loss or damage resulting from any one "breakdown" until the amount of loss or damage exceeds the applicable dollar deductible shown in the Schedule. We will then pay the amount of loss or damage in excess of the applicable dollar deductible, up to the applicable Limit of Insurance.

b. Time Deductible

If a time deductible is shown in the Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "breakdown". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage form that is part of this policy) that would have been earned had no "breakdown" occurred during the period of interruption of business divided by the number of working days in that period. But, no reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "breakdown", or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to all locations included in the valuation of the loss.

The number indicated in the Schedule shall be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

E. CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. New Generation

If "covered equipment" is covered on a replacement cost basis and such equipment requires replacement due to a "breakdown", we will pay your additional cost to replace it with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace such equipment with like kind and quality.

2. Jurisdictional Inspections

a. We agree to provide pressure vessel certificate-of-operation engineering services where:

- (1) The certificate-of-operation is required by state, city or provincial law; and
- (2) The state, city or provincial law permits inspections by insurance company employees.

b. If we receive notification of a pressure vessel certificate-of-operation inspection due date less than 30 (thirty) days prior to the expiration of the certificate-of-operation, we will not be responsible for:

- (1) Any fine or other penalty that may be assessed; or
- (2) Any liability that may arise due to the fact that the inspection was not performed prior to the certificate-of-operation due date.

c. Certificate-of-operation engineering services will not be provided for any location, other than in the United States of America, Puerto Rico or Canada.

3. Suspension

a. Whenever any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the coverage provided by this endorsement.

b. We will deliver or mail a written notice of suspension to your last known address or the address where the "covered equipment" is located.

c. Once suspended in this way, your coverage can be reinstated only by written notice from us.

- d. If we suspend your coverage, you will get a pro rata refund of premium for that "covered equipment". But the suspension will be effective even if we have not yet made or offered a refund.

4. Payment Limits

The most we will pay for loss or damage under this endorsement is the applicable Limit of Insurance shown in the Commercial Property Declarations or Equipment Breakdown Coverage Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

F. DEFINITIONS

The following are added to the Definitions.

1. "Breakdown"

- a. "Breakdown" means direct physical loss or damage caused by or resulting from:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- (3) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- (4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- (5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

- b. "Breakdown" does not mean:

- (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
- (2) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
- (3) Damage to any vacuum tube, gas tube, or brush;
- (4) Defects, erasures, errors, limitations or viruses in "computer equipment", data, "media" and/or programs including the inability to recognize and process any date or time or provide instructions to "covered equipment". However, if a "breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
- (5) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (6) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
- (7) The functioning of any safety or protective device.

- c. If an initial "breakdown" causes other "breakdowns", all will be considered one "breakdown". All "breakdowns" that manifest themselves at the same time and are the result of the same cause will also be considered one "breakdown".

2. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment, other than computers used primarily to control or operate "covered equipment".

3. "Covered Equipment"

- a. "Covered equipment" means any Covered Property that is:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the "covered equipment" and the gas passages from there to the atmosphere will be considered as outside the "covered equipment";
- (2) Communication equipment and "computer equipment";
- (3) Fiber optic cable; or
- (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

- b. "Covered equipment" does not mean any:

- (1) Structure, foundation, cabinet, compartment or air supported structure or building containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
- (2) Insulating or refractory material;
- (3) Pressure vessels and piping that are buried below ground and require excavation of materials to inspect, remove, repair or replace, or piping forming a part of a sprinkler system;
- (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;

- (5) Vehicles, unless such vehicle is stationary, permanently installed at the described premises and receives electrical power from an external power supplier;
 - (6) Dragline, power shovel, excavation or construction equipment; or
 - (7) Equipment or any part of equipment manufactured by you for sale.
4. "Hazardous substances" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.
 5. "Media" means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.
 6. "Perishable Goods" means personal property maintained under controlled conditions for its preservation, and that is susceptible to loss or damage if the controlled conditions change.

All other terms and conditions remain unchanged.

CHUBB®

**Policy Number
MCRD42195339**

**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

Indemnity Insurance Company of North America

Named Insured S&D DINING GROUP LLC DBA COME

Effective Date: 02-12-20

12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

Item 1. Business Description: RESTAURANT

Item 2. Premises Described: See Schedule of Locations

Item 3. \$500 Deductible unless otherwise indicated.

Item 4. Coverage Provided

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	001	BUSINESS PERS PROP JOISTED MASONRY	\$ 750,000	SPECIAL	80

Other Provisions

Agreed Value: Expires: **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended Days BI Media
 Extension of Recovery Period: Months Wind/Hail Deductible:
 Deductible: \$ 1,000 Earthquake Deductible: Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	001	BUS INC OTHER THAN RENTAL JOISTED MASONRY	\$ 800,000	SPECIAL	80

Other Provisions

Agreed Value: Expires: **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended Days BI Media
 Extension of Recovery Period: Months Wind/Hail Deductible:
 Deductible: Earthquake Deductible: Exceptions
 EXT/OPT: 72-HR TIME CHG TO 24-HR.

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended Days BI Media
 Extension of Recovery Period: Months Wind/Hail Deductible:
 Deductible: Earthquake Deductible: Exceptions

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Chubb. Insured.™

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. If this policy covers the interest of the owner of any of the following types of buildings or structures:

1. Residential, except owner-occupied single-family or owner-occupied two-family buildings or structures;
2. Commercial; or
3. Industrial;

the following provision is added:

Before payment to you for loss or damage to the above buildings or structures caused by or resulting from fire, we will:

- (1) Deduct from your payment the claim of any tax district that issues a certificate of lien in accordance with the Insurance Law; and
- (2) Pay directly to the tax district the amount of the claim.

When we pay that claim, we will have no obligation to pay the amount of that claim to you. Our payment of that claim within 30 days of our receipt of the certificate of lien will be a conclusive presumption that the claim was valid and properly paid.

B. The following is added with respect to any Condition of this Coverage Part which requires you to notify us of loss or to notify us of an accident, claim or "suit":

1. Notice given by or on your behalf; or
2. Written notice by or on behalf of any claimant; to any of our agents in New York State, which adequately identifies you, will be the same as notice to us.

C. Legal Action Against Us

1. The **Legal Action Against Us** Loss Condition in the Legal Liability Coverage Form is replaced by the following:

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from you; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

2. Paragraph **b.** of Additional Condition **H.5. Legal Action Against Us** in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

- b. No person or organization has a right under Coverages **C** and **D**:
 - (1) To join us as a party or otherwise bring us into a "suit" asking for damages from you; or
 - (2) To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

- D.** The **Examination Of Your Books And Records** Common Policy Condition is replaced by the following:

Examination Of Your Books And Records

1. Except as provided in **2.** below, we may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
2. We will conduct an audit to determine the final premium due or to be refunded, for coverage for which an advance or deposit premium was paid based on estimated exposure. But the audit may be waived if:
 - a. The total annual premium attributable to the auditable exposure base is not reasonably expected to exceed \$1,500; or
 - b. The policy requires notification to the insurer with the specific identification of any additional exposure units (e.g., buildings) for which coverage is requested.

If the audit is not waived, it must be completed within 180 days after:

- a. The expiration date of the policy; or
- b. The anniversary date, if this is a continuous policy or a policy written for a term longer than one year.

- E.** The following sentence is deleted from Paragraph **A.** in the Legal Liability Coverage Form:

We will have the right and duty to defend any "suit" seeking those damages.

The following sentence is added to Paragraph **A.** in the Legal Liability Coverage Form:

We will have the right and duty to defend any "suit" seeking those damages even if the allegations of the "suit" are groundless, false or fraudulent.

- F.** The following sentence is deleted from Paragraph **A.3.** in the Mortgageholders Errors And Omissions Coverage Form:

We will have the right and duty to defend any "suit" seeking those damages.

The following is added to Paragraph **A.3.** in the Mortgageholders Errors And Omissions Coverage Form:

We will have the right and duty to defend any "suit" seeking those damages even if the allegations of the "suit" are groundless, false or fraudulent.

- G.** The following Condition is added to Paragraph **D.** of the Legal Liability Coverage Form and Paragraph **F.4.** of the Mortgageholders Errors And Omissions Coverage Form:

Transfer Of Duties When A Limit Of Insurance Is Used Up

1. If we conclude that, based on claims or "suits" which have been reported to us and to which this insurance may apply, a Limit of Insurance is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.
2. When the Limit of Insurance has actually been used up in the payment of judgments or settlements:
 - a. We will notify the first Named Insured, in writing, as soon as practicable, that:
 - (1) Such a limit has actually been used up; and
 - (2) Our duty to defend "suits" seeking damages subject to that limit has also ended.
 - b. We will initiate, and cooperate in, the transfer of control, to any appropriate insured, of all claims and "suits" seeking damages which are subject to that limit and which are reported to us before that limit is used up. That insured must cooperate in the transfer of control of said claims and "suits".

We agree to take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such "suits" until such transfer is completed, provided the appropriate insured is cooperating in completing such transfer.

We will take no action whatsoever with respect to any claim or "suit" seeking damages that would have been subject to that limit, had it not been used up, if the claim or "suit" is reported to us after that limit of insurance has been used up.

c. The first Named Insured, and any other insured involved in a "suit" seeking damages subject to that limit, must arrange for the defense of such "suit" within such time period as agreed to between the appropriate insured and us. Absent any such agreement, arrangements for the defense of such "suit" must be made as soon as practicable.

3. The first Named Insured will reimburse us for expenses we incur in taking those steps we deem appropriate in accordance with Paragraph 2.b. above.

The duty of the first Named Insured to reimburse us will begin on:

a. The date on which the applicable limit of insurance is used up, if we sent notice in accordance with Paragraph 1. above; or

b. The date on which we sent notice in accordance with Paragraph 2.a. above, if we did not send notice in accordance with Paragraph 1. above.

4. The exhaustion of any limit of insurance by the payments of judgments or settlements, and the resulting end of our duty to defend, will not be affected by our failure to comply with any of the provisions of this Condition.

H. Except as provided in I. below, the **Appraisal** Condition is replaced by the following:

Appraisal

1. If we and you disagree on the value of the property, the extent of the loss or damage or the amount of the loss or damage, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand.

2. If we or you fail to proceed with the appraisal of the covered loss after a written demand is made by either party, then either party may apply to a court having jurisdiction for an order directing the party that failed to proceed with the appraisal to comply with the demand for the appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such order.

3. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the extent of the loss or damage and the amount of the loss or damage. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

4. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

I. The **Appraisal** Condition in:

1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and

2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

Appraisal

1. If we and you disagree on the amount of Net Income and operating expense, the extent of the loss or damage or the amount of the loss or damage, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand.

2. If we or you fail to proceed with the appraisal of the covered loss after a written demand is made by either party, then either party may apply to a court having jurisdiction for an order directing the party that failed to proceed with the appraisal to comply with the demand for the appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such order.

3. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense, the extent of the loss or damage and the amount of the loss or damage. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

4. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

J. The following provision is added to the Commercial Property Coverage Part:

Estimation Of Claims

Upon request, we will furnish you or your representative with a written estimate of damages to real property specifying all deductions, provided such an estimate has been prepared by us or has been prepared on our behalf for our own purposes. This estimate will be provided within 30 days after your request or its preparation, whichever is later.

K. The following provision is added to the Legal Liability Coverage Form and supersedes any provision to the contrary:

Failure to give prompt notice to us, as required under this Coverage Form, shall not invalidate any claim made by you or any other claimant, unless the failure to provide such timely notice has prejudiced us. However, no claim made by you or any other claimant will be invalidated if it shall be shown not to have been reasonably possible to give such timely notice and that notice was given as soon as was reasonably possible thereafter.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – FUNGUS, WET ROT AND DRY ROT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** In the Causes Of Loss – Basic Form, Causes Of Loss – Broad Form, Causes Of Loss – Special Form, and Mortgageholders Errors And Omissions Coverage Form, the exclusion titled "Fungus", Wet Rot, Dry Rot And Bacteria and the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria are deleted. Under these forms, the following exclusion is added:
- We will not pay for loss or damage caused by or resulting from "fungus", wet rot or dry rot. However, this exclusion does not apply when "fungus", wet rot or dry rot results from a Covered Cause of Loss.
- B.** In the Building And Personal Property Coverage Form and the Condominium Association Coverage Form, under the Additional Coverage – Increased Cost Of Construction, Paragraph **A.4.e.(5)** is replaced by the following:
- Under this Additional Coverage, we will not pay for:
1. The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
 2. Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- C.** Paragraph **C.** of Ordinance Or Law Coverage Endorsement **CP 04 05** is replaced by the following:
- We will not pay under Coverage **A**, **B** or **C** of this endorsement for:
1. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
 2. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- D.** Paragraph **A.** of Ordinance Or Law – Increased Period Of Restoration Endorsement **CP 15 31** is replaced by the following:
- If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from a requirement to comply with any ordinance or law that:
1. Regulates the construction or repair of any property;
 2. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
 3. Is in force at the time of loss.
- However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires:
1. The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
 2. Any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

E. Paragraph **E.3.** of Functional Building Valuation Endorsement **CP 04 38** is replaced by the following:

We will not pay under this endorsement for:

1. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
2. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK – EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
- However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part.
- C.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part.

POLICY NUMBER: MCRD42195339

COMMERCIAL PROPERTY
CP 04 11 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable
ALL	ALL	P-1 and P-5
Describe Any 'P-9':		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:

'P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;
 - (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
 - (1) Non-automatic fire protective systems; and

(2) Hydrants, standpipes and outlets.

'P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

'P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

'P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

'P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

'P-9', the protective system described in the Schedule.

B. The following is added to the **Exclusions** section of:

Causes Of Loss – Basic Form

Causes Of Loss – Broad Form

Causes Of Loss – Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- j. Rain, snow, ice or sleet to personal property in the open.

- k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

- (b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance; of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;
 - (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
 - b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c.** \$2,500 for patterns, dies, molds and forms.
 - d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
- a.** Results in discharge of any substance from an automatic fire protection system; or
 - b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
 3. This **Additional Coverage – Collapse** does **not** apply to:
 - a.** A building or any part of a building that is in danger of falling down or caving in;
 - b.** A part of a building that is standing, even if it has separated from another part of the building; or
 - c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
 4. With respect to the following property:
 - a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a.** If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b.** If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a.** You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b.** Loss or damage must be caused by or result from one of the following causes of loss:
- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c.** The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a.** We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

POLICY NUMBER: MCRD42195339

COMMERCIAL PROPERTY
CP 15 56 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****BUSINESS INCOME CHANGES –
BEGINNING OF THE PERIOD OF RESTORATION**

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM**SCHEDULE****Select Either A. Or B**A. **72-Hour Time Period Is Replaced By 24 Hours**B. **72-Hour Time Period Is Eliminated**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. If the Schedule indicates that the 72-hour time period is replaced by 24 hours, then:

1. The 72-hour time period in the definition of "period of restoration" is replaced by 24 hours. Therefore, the period of restoration for Business Income Coverage begins 24 hours after the time of direct physical loss or damage, subject to all other provisions of the definition of "period of restoration"; and
2. The 72-hour time period in the Civil Authority Additional Coverage is replaced by 24 hours. Therefore, coverage under the Additional Coverage – Civil Authority begins 24 hours after the time of action of civil authority, subject to all other provisions of that Additional Coverage.

B. If the Schedule indicates that the 72-hour time period is eliminated, then:

1. The 72-hour time period in the definition of "period of restoration" is deleted. Therefore, the period of restoration for Business Income Coverage begins at the time of direct physical loss or damage, subject to all other provisions of the definition of "period of restoration"; and
2. The 72-hour time period in the Civil Authority Additional Coverage is deleted. Therefore, coverage under the Additional Coverage – Civil Authority begins at the time of action of civil authority, subject to all other provisions of that Additional Coverage.

POLICY NUMBER: MCRD42195339

EQUIPMENT BREAKDOWN SCHEDULE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL PROPERTY COVERAGE PART

Equipment Breakdown Coverage is subject to the Coverage Limits shown in the Declarations for "Real Property" and "Personal Property", except as specifically shown below.

Equipment Breakdown Coverage applies to all locations covered on the policy, unless otherwise specified.

Additional Coverages	Coverage Limits
Business Income and Extra Expense	Follows Commercial Property Coverage
Expediting Expense	\$100,000
Pollutant Clean Up and Removal	\$100,000
Spoilage	\$100,000
Electronic Data	\$100,000
Demolition and Increased Cost of Construction	\$100,000
Service Interruption	Included with Business Income, Extra Expense and/or Spoilage

Special Deductibles

The Property Deductible shown in the Declarations applies unless a special Deductible is shown below.

Combined, All Coverages

Property Damage Coverages

Business Income and Extra Expense Coverages hours

Other Conditions

All other terms and conditions remain unchanged.

CHUBB®

POLICY NUMBER: MCRD3819513A

SIGNATURES

THE ONLY COMPANY APPLICABLE TO THIS POLICY IS THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

By signing and delivering the policy to you, we state that it is a valid contract.

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA (A stock company)

BANKERS STANDARD INSURANCE COMPANY (A stock company)

ACE AMERICAN INSURANCE COMPANY (A stock company)

ACE PROPERTY AND CASUALTY INSURANCE COMPANY (A stock company)

INSURANCE COMPANY OF NORTH AMERICA (A stock company)

PACIFIC EMPLOYERS INSURANCE COMPANY (A stock company)

ACE FIRE UNDERWRITERS INSURANCE COMPANY (A stock company)

WESTCHESTER FIRE INSURANCE COMPANY (A stock company)

436 Walnut Street, P.O. Box 1000, Philadelphia, Pennsylvania 19106-3703



REBECCA L. COLLINS, Secretary



JOHN J. LUPICA, President

CHUBB®**Policy Number
MCRD3819513A****SCHEDULE OF LOCATIONS****Indemnity Insurance Company of North America**

Named Insured SCHATZI CORP DBA WALLSE

Effective Date: 10-12-19
12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

Loc. No.	Bldg. No.	Designated Locations (Address, City, State, Zip Code)	Occupancy
001	001	344 W 11th Street, DBA Wallse, New York, NY 10014	Restaurant
002	001	1048 Fifth Avenue, DBA Café Sabarsky, New York, NY 10028	Restaurant
003	001	713-715 Washington Street, DBA Upholstery, New York, NY 10014	Restaurant

CHUBB®**Policy Number
MCRD3819513A****SCHEDULE OF FORMS AND ENDORSEMENTS****Indemnity Insurance Company of North America**

Named Insured SCHATZI CORP DBA WALLSE

Effective Date: 10-12-19

12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

COMMON POLICY FORMS AND ENDORSEMENTS

ALL-21101	11-06	TRADE OR ECONOMIC SANCTIONS ENDORSE
ALL-20887	10-06	CHUBB PRODUCER COMP PRACTICES & POLICIES
IL P 001	01-04	US TREASURY DEPT'S OFAC ADVISORY NOTICE
ALL-24624	01-08	COMMON POLICY DECLARATIONS
CC-1K11I	02-18	SIGNATURES
ALL-24625	01-08	SCHEDULE OF LOCATIONS
ALL-24626	01-08	SCHEDULE OF FORMS AND ENDORSEMENTS
ALL-24630	01-08	SCHEDULE OF TAXES, SURCHARGES OR FEES
ALL-24629	01-08	SCHEDULE OF NAMED INSURED(S)
IL 00 17	11-98	COMMON POLICY CONDITIONS
IL 00 23	07-02	NUCLEAR ENERGY LIABILITY EXCLUSION ENDT
IL 01 83	08-08	NEW YORK CHANGES - FRAUD
IL 01 85	08-08	NEW YORK CHANGES-CALCULATION OF PREMIUM
IL 02 68	01-14	NEW YORK CHANGES-CANC & NONRENL
IL 09 35	07-02	EXCL OF CERTAIN COMPUTER- RELATED LOSSES
IL 09 52	01-15	CAP/LOSSES FROM CERTIFIED ACTS OF TERROR
TRIA11C	01-15	DISCLOSURE TERRORISM RISK INSURANCE AC

PROPERTY FORMS AND ENDORSEMENTS

CP 00 10	10-12	BUILDING & PERSONAL PROPERTY COVERAGE
CP 00 30	10-12	BUSINESS INCOME COVERAGE (&/EX EXP)
CP 00 90	07-88	COMMERCIAL PROPERTY CONDITIONS
FA-47549	02-16	RESTAURANT ENHANCEMENT ENDORSEMENT
FA-47553	02-16	RESTAURANT ENHANCEMENT SUPPLEME SCHEDULE
FA-7Y32A	04-15	EQUIPMENT BREAKDOWN COVERAGE
FA-24633	01-08	COMM PROPERTY COV PART SUPP DEC
FA-24634	01-08	COMM PROPERTY COV PART EXT OF SUPP DEC
CP 01 33	05-18	NEW YORK CHANGES
CP 01 64	10-12	NY CHANGES-FUNGUS, WET ROT AND DRY ROT
CP 01 78	08-08	NY-EXCL OF LOSS DUE TO VIRUS OR BACTERIA
CP 04 11	10-12	PROTECTIVE SAFEGUARDS
CP 10 30	10-12	CAUSES OF LOSS - SPECIAL FORM
CP 15 56	06-07	BUS INC CHNGS-BEGIN PERIOD/RESTORATION
FA-8Y96A	04-15	EQUIPMENT BREAKDOWN COV ENDORS SCHEDULE
FA-49548	08-17	EARTHQUAKE & VOLCANIC ERUPTION, OR FLOOD

GENERAL LIABILITY FORMS AND ENDORSEMENTS

LD-24638	01-08	COMM GENERAL LIABILITY COVERAGE SUPP DEC
LD-24640	01-08	LIQUOR LIABILITY COVERAGE PART DEC
LD-25124	01-08	COMM GENERAL LIABILITY COVERAGE SCHEDULE
CG 00 01	04-13	COMMERCIAL GENERAL LIABILITY COV FORM
CG 00 33	04-13	LIQUOR LIABILITY COV FORM (OCCURRENCE)
LD-47554	02-16	RESTAURANT GENERAL LIABILITY EXTRA ENDT
CG 01 04	12-04	NEW YORK CHANGES - PREMIUM AUDIT
CG 01 63	07-11	NY CHANGES-COMM GEN LIAB COV FORM
CG 26 03	04-09	NY CHANGES - LIQUOR LIABILITY COVERAGE
CG 21 06	05-14	EXCL-ACC/DISCL OF CONFIDENTIAL OR PERSONAL INFO
CG 21 47	12-07	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 21 65	12-04	TOTAL POLLUTION EXCL-WITH EXCEPTIONS
CG 21 70	01-15	CAP LOSSES FROM CERTIF ACTS OF TERRORISM
CG 24 07	01-96	PROD/COMPLETED OPERATIONS HAZARD REDEFIN

ALL-24626 (01/08)

CHUBB®

**Policy Number
MCRD3819513A**

SCHEDULE OF FORMS AND ENDORSEMENTS

Indemnity Insurance Company of North America

Named Insured SCHATZI CORP DBA WALLSE

Effective Date: 10-12-19
12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

CG 25 04	05-09	DESIGNATED LOCATIONS GENERAL AGGREGATE
CG 26 11	04-09	NY CHANGES PROD/COMP OPER LIAB COV FORM
CG 26 21	10-91	NY CHANGES - TRANSFER OF DUTIES
CG 26 35	12-93	NY CHANGES - TRANSFER OF DUTIES
LD-3R16	03-87	EXCLUSION - ASBESTOS
LD-4R10A	06-87	NON-OWNED AND RENTED AUTO LIABILITY
LD-4T20	02-93	EXCLUSION - LEAD - NEW YORK
LD-8C81	08-90	NEW YORK EMPLOYEE BENEFITS LIABILITY

CHUBB®

Policy Number
MCRD3819513A

SCHEDULE OF TAXES, SURCHARGES OR FEES
Indemnity Insurance Company of North America

Named Insured SCHATZI CORP DBA WALLSE

Effective Date: 10-12-19
12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

ALL-24624 (cont.)

TAXES/SURCHARGES/FEES DETAILED BREAKDOWN :

FIRE INSURANCE SURCHARGE	\$	85.28
TOTAL TAXES/SURCHARGES/FEES	\$	85.28

CHUBB®

Policy Number
MCRD3819513A

SCHEDULE OF NAMED INSURED(S)

Indemnity Insurance Company of North America

Named Insured SCHATZI CORP DBA WALLSE

Effective Date: 10-12-19
12:01 A.M., Standard Time

Agent Name INNOVATIVE COVERAGE CONCEPTS LLC

Agent No. Z03347

ALL-24624 (cont.)

THE NAMED INSURED ON FORM ALL-24624 IS AMENDED TO READ:

SCHATZI CORP DBA WALLSE
YKG CORP DBA CAFE SABARSKY
KG715 INC DBA UPHOLSTERY

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
 TRANSPORTATION

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

FRAUD

We do not provide coverage for any insured ("insured") who has made fraudulent statements or engaged in fraudulent conduct in connection with any loss ("loss") or damage for which coverage is sought under this policy.

However, with respect to insurance provided under the COMMERCIAL AUTOMOBILE COVERAGE PART, we will provide coverage to such "insured" for damages sustained by any person who has not made fraudulent statements or engaged in fraudulent conduct if such damages are otherwise covered under the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK

- A.** For policies with fixed terms in excess of one year, or policies with no stated expiration date, except as provided in Paragraph **B.**, the following applies:
- The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each renewal or continuation of this policy, we will compute the premium in accordance with our rates and rules then in effect.
- B.** For policies with fixed terms in excess of one year, where premium is computed and paid annually, the following applies:
- 1.** The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. Such rates and rules will be used to calculate the premium at each anniversary, for the entire term of the policy, unless the specific reasons described in Paragraph **2.** or **3.** apply.
 - 2.** The premium will be computed based on the rates and rules in effect on the anniversary date of the policy only when, subsequent to the inception of the current policy period, one or more of the following occurs:
 - a.** After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;
 - b.** A material physical change in the property insured, occurring after issuance or last anniversary renewal date of the policy, causes the property to become uninsurable in accordance with underwriting standards in effect at the time the policy was issued or last renewed; or
 - c.** A material change in the nature or extent of the risk, occurring after issuance or last anniversary renewal date of the policy, which causes the risk of "loss" to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed.
 - 3.** If, subsequent to the inception of the current policy period, the Limit of Insurance is increased, or Additional Coverages or Causes of Loss are insured, the rate and rules in effect at the time of the change will be applied to calculate the premium and will continue to apply to the change at subsequent anniversary dates.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A. Paragraphs 1., 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:**
- 1.** The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.
 - 2. Cancellation Of Policies In Effect**
 - a. 60 Days Or Less**
We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1)** 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph **A.2.b.** below.
 - (2)** 15 days before the effective date of cancellation if we cancel for any of the reasons included in Paragraph **A.2.b.** below.
 - b. For More Than 60 Days**
If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed below, provided we mail the first Named Insured written notice at least 15 days before the effective date of cancellation:
 - (1)** Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
 - (2)** Conviction of a crime arising out of acts increasing the hazard insured against;
 - (3)** Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
 - (4)** After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current policy period;
 - (5)** Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, which results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
 - (6)** Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;

(7) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or

(8) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Department of Financial Services, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Department of Financial Services.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the **Cancellation** Common Policy Condition:

7. If one of the reasons for cancellation in Paragraph **A.2.b.** or **D.2.b.(2)** exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

C. The following conditions are added:

1. Nonrenewal

If we decide not to renew this policy we will send notice as provided in Paragraph **C.3.** below.

2. Conditional Renewal

If we conditionally renew this policy subject to:

a. A change of limits;

b. A change in type of coverage;

c. A reduction of coverage;

d. An increased deductible;

e. An addition of exclusion; or

f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph **C.3.** below.

3. Notices Of Nonrenewal And Conditional Renewal

a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs **C.1.** and **C.2.** above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:

(1) The expiration date; or

(2) The anniversary date if this is a continuous policy.

b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.

d. If we violate any of the provisions of Paragraph **C.3.a., b.** or **c.** above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:

(1) And if notice is provided prior to the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60-day period, has replaced the coverage or elects to cancel;

- (2) And if the notice is provided on or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.
 - e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
 - (1) Upon expiration of the 60-day period, unless Subparagraph (2) below applies; or
 - (2) Notwithstanding the provisions in Paragraphs d.(1) and d.(2), as of the renewal date of the policy if the conditional renewal notice was sent at least 30 days prior to the expiration or anniversary date of the policy.
 - f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.
- D. The following provisions apply when the Commercial Property Coverage Part, the Farm Coverage Part or the Capital Assets Program (Output Policy) Coverage Part is made a part of this policy:
1. Items D.2. and D.3. apply if this policy meets the following conditions:
 - a. The policy is issued or issued for delivery in New York State covering property located in this state; and
 - b. The policy insures:
 - (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
 - (2) For loss of or damage to personal property other than farm personal property or business property; or
 - (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and
 - c. The portion of the annual premium attributable to the property and contingencies described in 1.b. exceeds the portion applicable to other property and contingencies.
2. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:
- 2. Procedure And Reasons For Cancellation**
- a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
 - b. But if this policy:
 - (1) Has been in effect for more than 60 days; or
 - (2) Is a renewal of a policy we issued; we may cancel this policy only for one or more of the following reasons:
 - (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
 - (2) Conviction of a crime arising out of acts increasing the risk of loss;
 - (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
 - (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
 - (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
 - (a) Issued the policy; or
 - (b) Last voluntarily renewed the policy;

- (6) The Superintendent of Financial Services' determination that continuing the policy would violate Chapter 28 of the Insurance Law; or
- (7) Required pursuant to a determination by the Superintendent of Financial Services that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

a. Conditional Continuation

Instead of cancelling this policy, we may continue it on the condition that:

- (1) The policy limits be changed; or
- (2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

b. Nonrenewal

If, as allowed by the laws of New York State, we:

- (1) Do not renew this policy; or
- (2) Condition policy renewal upon:
 - (a) Change of limits; or
 - (b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

- (a) At least 45 days; but
- (b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

- E.** The following is added to the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

When the property is subject to the Anti-arson Application in accordance with New York Department of Financial Services' Insurance Regulation No. 96, the following provisions are added:

If you fail to return the completed, signed and affirmed anti-arson application to us:

- 1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel the entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.
- 2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in **E.1.** and **E.2.** above supersede any contrary provisions in this policy including this endorsement.

If the notice in **E.1.** or **E.2.** above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

- F.** The following applies to the Commercial Property Coverage Part, the Farm Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

Paragraphs **f.** and **g.** of the **Mortgageholders** Condition are replaced by the following:

f. Cancellation

- (1) If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.

(2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:

- (a) The effective date of cancellation of the insured's coverage; or
- (b) 10 days after we give notice to the mortgageholder.

g. Nonrenewal

(1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

(2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:

- (a) The expiration date of the policy; or
- (b) 10 days after we give notice to the mortgageholder.

G. The following provisions apply when the following are made a part of this policy:

- Commercial General Liability Coverage Part
- Employment-Related Practices Liability Coverage Part
- Farm Liability Coverage Form
- Liquor Liability Coverage Part
- Products/Completed Operations Liability Coverage Part

- 1. The aggregate limits of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with Paragraph **C.3.d.** above.
- 2. The last sentence of Limits Of Insurance does not apply when the policy period is extended because we sent the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

POLICY NUMBER: MCRD3819513A

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in this endorsement or in the policy Declarations.

Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% for year 2015; 84% beginning on January 2016; 83% beginning on January 1 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Terrorism Risk Insurance Act premium: \$2,990 .

Authorized Representative

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BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.**, does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100
— 250
\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
\$59,850 + \$80,000 = \$139,850

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is: 90%	
The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 + \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in **(2)(a)** above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on Paragraph **A.4.d.** therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

- 1. Alterations And New Buildings;
- 2. Civil Authority;
- 3. Extra Expense; or
- 4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition**COINSURANCE**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,
 that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 150,000
 The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 200,000
 The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is: \$ 120,000
 The fraction shown in the Declarations for this Optional Coverage is: 1/4
 The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000
 (\$120,000 x 1/4 = \$30,000)
 If, in this example, the actual amount of loss is:

Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 90,000

We will pay:

Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example

When: The Limit of Insurance is: \$ 100,000
 The Agreed Value is: \$ 200,000
 The amount of loss is: \$ 80,000
 Step (1): $\$100,000 \div \$200,000 = .50$
 Step (2): $.50 \times \$80,000 = \$40,000$
 We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
- a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
- a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
- a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**RESTAURANT ENHANCEMENT ENDORSEMENT**

This endorsement modifies insurance provided under the following:
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
 CAUSES OF LOSS – SPECIAL FORM

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If there is a Deductible or “period of restoration” that applies to a Covered Cause of Loss, that Covered Cause of Loss Deductible or “period of restoration” supersedes any Deductible or “period of restoration” within this endorsement. This includes, but is not limited to, a Deductible or “period of restoration” for windstorm, earth movement, earthquake or flood.

A. In the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Section **A. Coverages**, Paragraph **4. Additional Coverages** is amended to add the following Additional Coverages. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Additional Coverages is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance shown in the Declarations.

1. Accounts Receivable

- a.** If your records of accounts receivable are lost or damaged by a Covered Cause of Loss, we will pay:
- (1) All amounts due from your customers that you are unable to collect;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (3) Collection expenses that are in excess of your normal collection expenses that are made necessary by the loss; and
 - (4) Other reasonable expenses that you incur to reestablish your records of accounts receivable.
- b.** To the extent that coverage for accounts receivable is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- c.** With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Section **B. Exclusions**, is amended to delete all of the exclusions except for the following:
- (1) **B.1.c.**
 - (2) **B.1.d.**
 - (3) **B.1.f.**
 - (4) **B.2.f.**
 - (5) **B.2.g.**
 - (6) **B.3.**
- d.** With respect to this Additional Coverage only, the following is added to Paragraph **B. Exclusions**, of the **CAUSES OF LOSS – SPECIAL FORM**:
- We will not pay for loss or damage caused directly or indirectly by or resulting from:
- (1) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking, or withholding of “money”, “securities”, or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
 - (2) Bookkeeping, accounting, or billing errors or omissions.
 - (3) Electrical or magnetic injury, disturbance, or erasure of electronic recordings. But we will pay for direct loss or damage caused by lightning.
 - (4) Errors in machine programming or instructions to machines.
 - (5) Operator or programmer error.
 - (6) Unauthorized instructions to transfer property to any person or to any place.
- We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- e.** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
- (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

- (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- f. The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss or damage;
 - (2) The amount of the accounts that you are able to reestablish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.
- g. The most we will pay in any one occurrence at each described premises is \$50,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

2. Brands And Labels

- a. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, we will pay your reasonable expenses and you may:
 - (1) Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
 - (2) Remove the brands or labels, if doing so will not physically damage the merchandise.
You must re-label the merchandise or its containers to comply with the law.
- b. We will pay for the loss in value of the salvaged merchandise resulting from stamping it or removing the brands and labels.
- c. The most we will pay for loss or damage in any one occurrence is \$50,000.

3. Debris Removal

The additional limit for debris removal expense referenced in Paragraph **a.(4)** of the Debris Removal Additional Coverage is increased from \$10,000 to \$100,000.

4. Employee Dishonesty

- a. We will pay for direct loss to Business Personal Property and “money” and “securities” resulting from dishonest acts committed by any of your “employees” acting alone or in collusion with other persons (except you or your partners, “members” or “managers”) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other “employee” benefits earned in the normal course of employment) for:
 - (a) Any “employee”; or
 - (b) Any other person or organization.
- b. We will extend the coverage provided to comply with certain provisions of the Employee Retirement Income Security Act (ERISA). However, coverage is provided only when you own, control or operate the “Employee Benefit Plan” and the “Employee Benefit Plan” is shown in the Declarations. Any payment we make for loss sustained will be made to the “Employee Benefit Plan” sustaining the loss.
- c. To the extent that coverage for employee dishonesty is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- d. With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Section **B. Exclusions**, is amended to delete all of the exclusions except for the following:
 - (1) **B.1.c.**
 - (2) **B.1.d.**
 - (3) **B.1.f.**
 - (4) **B.2.i.**

- e. With respect to this Additional Coverage only, the following is added to Section **B. Exclusions** of the **CAUSES OF LOSS – SPECIAL FORM**:

This insurance does not apply to:

- (1) Loss or damage resulting from any dishonest or criminal act that you or any of your partners, “members”, officers, “managers”, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose commit whether acting alone or in collusion with other persons.
 - (2) Loss or damage caused by an “employee” if the “employee” had also committed “theft” or any other dishonest act prior to the effective date of this policy and you or any of your partners, “members”, officers, “managers”, directors or trustees, not in collusion with the “employee”, learned of that “theft” or dishonest act prior to the policy period shown in the Declarations.
 - (3) Loss or damage resulting from the unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, process methods or customer lists; or the unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information, or similar non-public information.
 - (4) Fees, costs and expenses incurred by you which are related to any legal action.
 - (5) Loss or damage when the only proof of which as to its existence or amount is an inventory computation or a profit and loss computation.
 - (6) Loss or damage resulting from trading, whether in your name or in a genuine or fictitious account.
 - (7) Loss or damage resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.
- f. All loss caused by one or more “employee” or involving a single act or series of related acts is considered one occurrence.
- g. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance accumulates from year to year or period to period.
- h. We will pay only for covered loss sustained during the policy period and discovered no later than one year from the end of the policy expiration.
- i. If you discover a loss during the policy period that you (or any predecessor in interest) sustained during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
- (1) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss were committed or occurred.
 - (3) This coverage is provided within, and not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
 - (a) This Additional Coverage as of its effective date; or
 - (b) The prior insurance, had it remained in effect.
- j. The most we will pay for loss or damage in any one occurrence is \$100,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

5. Fine Arts

- a. We will pay for direct physical loss or damage to fine arts that you own or that belong to others while in your care, custody or control.
- b. Fine arts include property of rare, historical or artistic merit including, but not limited to, paintings, drawings, etchings, pictures, tapestries, art or rare glass, art glass windows, valuable rugs, statuary, sculptures, antiques, antique jewelry and bric-a-brac.

- c. The value of fine arts, including newly acquired property, will be based on a qualified, professional appraisal conducted within the last three years. If an appraisal is not available, the value will be based on the least of the following amounts:
 - (1) The actual cash value of the property;
 - (2) The cost of reasonably restoring that property to its condition immediately before loss; or
 - (3) The cost of replacing that property with substantially identical property.In the event of loss, the value of the property will be determined as of the time of loss.
- d. It is a condition of this Additional Coverage that you must have the fine arts packed and unpacked by competent packers.
- e. Our payment for loss of fine arts of others in your care, custody or control will only be for the account of the owner of the fine arts.
- f. The most we will pay in any one occurrence at each described premises is \$100,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
- g. We will also pay up to an additional \$10,000 in any one occurrence for fine arts that you acquire during the policy period, for up to 30 days, but not beyond the end of the policy period. You must report such property within 30 days from the date acquired. If you do not report this newly acquired property to us, coverage will end automatically 30 days after the date of its acquisition.

6. Fire Department Service Charge

Under section **A. Coverage**, Paragraph **4.c. Fire Department Service Charge**, the most we will pay is revised from \$1,000 to \$25,000.

7. Fire Extinguisher Systems Expense – Including Automatic Cooking Protection Systems

- a. We will pay for the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises.
- b. We will pay for loss or damage to covered property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
- c. We will pay for loss or damage to covered property caused by the accidental discharge of fire suppressant chemicals from an automatic extinguishing system over your cooking equipment, including the cost to recharge the automatic extinguishing system after accidental discharge.
- d. No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- e. A Deductible does not apply to this Additional Coverage.
- f. The most we will pay in any one occurrence at each described premises is \$25,000.

8. Forgery Or Alteration

- a. We will pay for loss resulting directly from “forgery” or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in “money” that are made or drawn by or drawn upon you or made or drawn by one acting as your agent, or that are purported to have been so made or drawn.
- b. We will pay for loss resulting directly from “forgery” or alteration of written instruments required in conjunction with any credit, debit or charge card issued to you or any “employee” for business purposes.
- c. For the purpose of this Additional Coverage, we will consider electronically or mechanically reproduced facsimile signatures the same as handwritten signatures.
- d. If you are sued for refusing to pay any instrument covered in Paragraph **a.** or **b.** above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.
- e. With respect to this Additional Coverage only, the following exclusion is added:

Non-Compliance with Credit, Debit, or Charge Card Issuer’s Requirements

We will not pay for loss arising from any credit, debit or charge card if you have not complied fully with the provisions, conditions or other terms under which the card was issued.

- f. To the extent that coverage for forgery or alteration is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- g. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
- h. The most we will pay for any loss in any one occurrence, including legal expenses, is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule 0.

9. Lost Key Consequential Loss

- a. If a master or grand master key is lost or damaged by a Covered Cause of Loss, including "theft", we will pay for the actual cost of keys, the cost of adjusting locks to accept new keys, or the cost of new locks, if required, of like kind and quality including the cost of their installation.
- b. This Additional Coverage does not apply to keys left in the possession of former employees.
- c. The most we will pay in any one occurrence at each described premises is \$5,000.
- d. A deductible of \$100 applies.

10. Computer Fraud and Funds Transfer Fraud

- a. We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises"; and for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account":
 - (1) To a person (other than a "messenger") outside those "premises"; or
 - (2) To a place outside those "premises".
- b. The most we will pay for all loss resulting directly from an "occurrence" is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
- c. This insurance does not apply to:
 - (1) Loss resulting from "theft" or any other dishonest act committed by:
 - (a) You; or
 - (b) Any of your partners or "members,"
whether acting alone or in collusion with other persons.
 - (2) Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.
 - (3) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (a) An inventory computation; or
 - (b) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.
 - (4) Loss resulting from:
 - (a) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customers lists; or
 - (b) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information or similar non-public information.
 - (c) The use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards of the information contained on such cards.
- d. We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- (1) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (2) No later than 1 year from the date of that cancellation with regards to any "employee benefit plans".
- e. We will pay only for loss you sustain through an "occurrence" that occurs during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year to period to period.
- f. This Additional Coverage terminates as to any "employee":
 - (1) As soon as:
 - (a) You; or
 - (b) Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";
learn of "theft" or any dishonest act committed by the "employee" whether before or after becoming employed by you.
 - (2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

g. The coverage territory applicable to this Additional Coverage is worldwide.

h. Definitions

The following definitions are added and apply only to this Additional Coverage:

- (1) "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- (2) "Fraudulent instruction" means:
 - (a) An electronic, telegraphic, cable, teletype, tele facsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - (b) A written instruction (other than those described in the Forgery Or Alteration Additional Coverage) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - (c) An electronic, telegraphic, cable, teletype, tele facsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
- (3) "Funds" means "money" and "securities".
- (4) "Messenger" means you, or a relative of your, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".
- (5) "Occurrence" means:
 - (a) An individual act;
 - (b) The combined total of all separate acts or events whether or not related; or
 - (c) A series of acts or events whether or not related;
committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.
- (6) "Premises" means that interior of that portion of any building you occupy in conducting your business.

(7) "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or deliver of "funds":

(a) By means of electronic, telegraphic, cable, teletype, tele facsimile or telephone instructions communicated directly through an electronic funds transfer system; or

(b) By means of written instructions (other than those described in the Forgery Or Alteration Additional Coverage) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

i. To the extent that coverage for computer fraud and funds transfer fraud is provided under this Additional Coverage, the provisions of **Property Not Covered** in the **Coverage** section do not apply.

j. With respect to this Computer Fraud Coverage and Funds Transfer Fraud Additional Coverage only, the following are removed from the **CAUSES OF LOSS – SPECIAL FORM**:

(1) Paragraph **B.2.i.** under **Exclusions**; and

(2) Paragraph **C.1.f.** under **Limitations**.

11. Money And Securities

a. We will pay for loss of "money" and "securities" used in your business resulting directly from "theft", disappearance; or destruction, while:

(1) In or on the described premises, or within a bank or savings institution; or

(2) Anywhere outside the premises.

b. We will not pay for loss:

(1) Resulting from accounting or arithmetical errors or omissions;

(2) Due to the giving or surrendering of property in any exchange or purchase; or

(3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous reading instrument in the device.

c. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

d. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.

e. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000 inside the premises and \$10,000 outside the premises, unless higher Limits Of Insurance are shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

12. Money Orders And Counterfeit Money

a. We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(2) "Counterfeit money" that is acquired during the regular course of business.

b. With respect to this Additional Coverage only, an occurrence means:

(1) An individual act or event;

(2) The combined total of all separate acts or events whether or not related; or

(3) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons.

c. The most we will pay in any one occurrence at each described premises is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

13. Ordinance Or Law – Building or Tenant's Improvements And Betterments

a. We will pay for the following loss or damage caused by the enforcement of any ordinance or law:

(1) Coverage For Loss To The Undamaged Portion Of The Building Or Tenant's Improvements Or Betterments

In the event of damage to covered buildings or tenant's improvements or betterments by a Covered Cause of Loss, we will pay for the loss in value of the undamaged portion of the building or tenant's improvements or betterments, as a consequence of the enforcement of an ordinance or law that requires demolition of undamaged parts of the covered property.

This coverage is included within the Limits of Insurance shown in the Declarations as applicable to the covered building or tenant's improvements or betterments and is not in addition to the Limits of Insurance applicable to such Covered Property. The Deductible applicable to the Covered Property, also applies to this Additional Coverage.

(2) Demolition Cost Coverage

With respect to the building or tenant's improvements and betterments that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building or tenant's improvements or betterments, as a consequence of the enforcement of an ordinance or law that requires demolition of such undamaged property.

The most we will pay for loss or damage in any one occurrence at each described premises is \$250,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

(3) Increased Cost Of Construction Coverage

With respect to the building or tenant's improvements and betterments that has sustained covered direct physical damage, we will pay the increased costs incurred to comply with the enforcement of the minimum requirements of the ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the following limitations:

(a) We will not pay for the increased cost of construction:

- (1)** Unless the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law;
- (2)** Until the property is actually repaired or replaced, at the same or another premises;
- (3)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years;
- (4)** If you were required to comply with the ordinance or law before the loss, even when the building was undamaged, and you failed to comply.

(b) If the building or tenant's improvements or betterments are repaired or replaced at the same premises the most we will pay for the increased cost of construction is the increased cost of construction at the premises. If you elect to rebuild at another premises, or if the ordinance or law requires you to relocate to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(c) The most we will pay for loss or damage in any one occurrence at each described premises is \$250,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

b. Under this Additional Coverage, we will not pay for:

- (1)** The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, or bacteria; or
- (2)** Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

c. The ordinance or law referred to in this Additional Coverage is an ordinance or law that regulates the construction or repair of property or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

- d. This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- e. This Additional Coverage applies only to the buildings or tenant's improvements or betterments if the Replacement Cost Optional Coverage applies.
- f. With respect to this Additional Coverage only, the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is amended as follows:
 - (1) Section **E. Loss Conditions**, Paragraph **4.b. of Loss Payment** does not apply.
 - (2) Section **E. Loss Conditions**, Paragraph **7.b. of Valuation** does not apply.
 - (3) Section **F. Additional Conditions**, Paragraph **1. Coinsurance**, applies only to paragraphs **a.(2)** and **a.(3)** above.
 - (4) Section **G. Optional Coverages**, Paragraph **3.f. of Replacement Cost** does not apply.
- g. With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Paragraph **B. Exclusions, 1.a. Ordinance Or Law** does not apply.

14. Ordinance Or Law - Equipment

- a. With respect to covered equipment we will pay the increased costs incurred to comply with the enforcement of the minimum requirements of an ordinance or law to repair or replace your covered equipment that has sustained direct physical damage by a Covered Cause of Loss.
- b. If loss or damage to covered refrigeration equipment is caused by a Covered Cause of Loss, we will pay:
 - (1) The cost to reclaim the refrigerant as required by law;
 - (2) The cost to retrofit the equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990 and any amendments thereto or any similar laws; and
 - (3) The increased cost to recharge the system with a non-CFC refrigerant.

This Coverage Extension does not apply if such loss or damage is provided elsewhere in this policy.
- c. We will not pay under this Additional Coverage for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of "pollutants".
- d. If the equipment is repaired or replaced at the same premises, or at another premises, the most we will pay under this Additional Coverage is the lesser of:
 - (1) The increased cost to repair or replace the equipment; or
 - (2) The Limit of Insurance shown in the Declarations applicable to your Building; or
 - (3) The Limit of Insurance shown in the Declarations applicable to your Business Personal Property when the covered equipment is not attached to the Building.
- e. We will not pay for the increased cost incurred:
 - (1) Unless the restored or remodeled equipment is intended for the same use as the current equipment, except when such equipment is not permitted by zoning or land use ordinance or law;
 - (2) Until the property is actually repaired or replaced, at the same or another premises.
- f. We will not pay for loss due to any ordinance or law that you were required to comply with before the loss, even when the equipment was undamaged, and you failed to comply.
- g. The ordinance or law referred to in this Additional Coverage is an ordinance or law that regulates the equipment requirements at the described premises and is in force at the time of loss.
- h. This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- i. With respect to this Additional Coverage only, Section **F. Additional Conditions**, Paragraph **1. Coinsurance** does not apply.
- j. With respect to this Additional Coverage only, the **CAUSES OF LOSS – SPECIAL FORM**, Paragraph **B. Exclusions, 1.a. Ordinance Or Law** does not apply.

15. Reward Payment (*This Additional Coverage does not apply in the state of New York*)

- a. We will reimburse you for rewards paid as follows:
- (1) Up to \$10,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss to Covered Property from a Covered Cause of Loss. However we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the covered property under the **Loss Payment Condition**.
 - (2) Up to \$10,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by "theft". However, we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the **Loss Payment Condition**.
- b. This Additional Coverage applies subject to the following conditions:
- (1) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property and who is not:
 - (a) You or any family member;
 - (b) Your "employee" or any of his or her family members;
 - (c) An "employee" of a law enforcement agency;
 - (d) An "employee" of a business engaged in property protection;
 - (e) Any person who had custody of the Covered Property at the time the "theft" was committed; or
 - (f) Any person involved in the crime.
 - (2) No reward will be reimbursed unless and until the persons committing the crime are convicted or the Covered Property is returned.
- c. We will reimburse you up to the amount of the reward, for a maximum of \$10,000 in any one occurrence at each described premises.

16. Utility Services – Direct Damage (Including Spoilage and Overhead Transmission Lines)

- a. We will pay for loss or damage to Covered Property caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss.
- b. We will not pay for loss or damage that is covered elsewhere in this policy for the same loss or damage. This includes, but is not limited to, coverage provided by the **Equipment Breakdown Coverage endorsement**.
- c. This coverage does not apply to loss to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning described under paragraph **n.** of **Property Not Covered**.
- d. Utility Services includes the following:
- (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;
 - (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), including overhead transmission lines; and
 - (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:

- (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, including overhead transmission lines.
- e. This Additional Coverage is not subject to the terms of the Utility Services Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
 - f. The most we will pay in any one occurrence at each described premises is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
 - g. This limit is part of and not in addition to the Limits of Insurance for your Covered Property.
 - h. The Deductible applicable to your Building or Business Personal Property applies.

17. Leasehold Interest Improvements and Betterments

- a. We will pay for the value of undamaged improvements and betterments when your lease is canceled by:
 - (1) The lessor; and
 - (2) A valid condition of your lease,due to direct physical loss or damage to Building or Business Personal Property caused by or resulting from a Covered Cause of Loss at the premises shown in the Declarations.
- b. When you rent the building, we will pay only if:
 - (1) At least 25% of the above building has been damaged; or
 - (2) A minimum of six months remains in your lease and at least six months is required to repair building for your occupancy.
- c. When you rent a portion of the building, we will pay only if:
 - (1) A minimum of six months remains in your lease; and
 - (2) At least six months is required to repair the building for your occupancy.
- d. The most we will pay under this Additional Coverage is \$ 100,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. This amount is additional insurance.

18. Catering Contract Penalty Clause

- a. We will pay the contract penalties you are required to pay your customers as a result of a penalty clause in your contracts for failure to deliver your products according to contract terms.
 - b. The penalties must result solely from direct physical loss or damage by a Covered Cause of Loss to Covered Property.
 - c. The most we will pay under this Additional Coverage is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. This amount is additional insurance.
 - d. No deductible applies to this additional coverage.
- B.** In the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Section **A. Coverages**, Paragraph **5. Coverage Extensions** is amended to add the following Coverage Extensions. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Coverage Extensions is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Boundary Extension

All references to property within 100 feet of the described premises are changed to within 1,000 feet of the described premises.

2. Extended Computer Coverage

In addition to the coverage for loss or damage to “computer” equipment and electronic data provided within this policy, the following additional Limits of Insurance apply:

- a. We will pay up to \$100,000 in any one occurrence at each described premises for loss or damage to your “computers, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule; and
- b. We will pay up to \$100,000 in any one occurrence at each described premises for loss or damage to your electronic data, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.
- c. Coverage provided by this extension includes loss or damage to “computers” due to artificially generated electrical current if such loss or damage is caused by or results from:
 - (1) An occurrence that took place within 1,000 feet of the described premises; or
 - (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 1,000 feet of the described premises.

This Coverage Extension does not apply if such loss or damage is provided elsewhere in this policy.

- d. With respect to this Coverage Extension only, the following additional exclusions are added to the **CAUSES OF LOSS – SPECIAL FORM, Paragraph B. Exclusions:**

(1) Errors Or Omissions

Errors or omissions in processing, recording or storing electronic data on “computers”. However, we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would otherwise be covered by this policy.

(2) Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of electronic recordings. However, we will pay for direct loss or damage caused by lightning.

(3) Computer-Related Losses

Whether belonging to any insured or to others, the failure, malfunction or inadequacy of:

- (a) “Computer” hardware, including microprocessors;
- (b) “Computer” application software;
- (c) “Computer” operating systems and related software;
- (d) “Computer” networks;
- (e) Microprocessors (“computer” chips) not part of any “computer” system;
- (f) Any other computerized or electronic equipment or components; or
- (g) Any other products or any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed above as Computer-Related Losses, due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

(4) Computer Advice Or Consultation

Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in (3) above.

- e. If an excluded Cause of Loss described in d. (2) through d. (4) above results in a “specified cause of loss”, we will pay for the resulting loss or damage caused by the “specified cause of loss”. However, we will not pay for repair, replacement or modification of any items in d. (3) above to correct any deficiencies or change any features.

3. Newly Acquired Or Constructed Property

Paragraph A.5.a. **Newly Acquired Or Constructed Property** is deleted and replaced by the following:

a. Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (1) Your new buildings while being built on the described premises; and
- (2) Buildings you acquire at locations, other than the described premises, intended for:
 - (a) Similar use as the building described in the Declarations; or
 - (b) Use as a warehouse.

b. Your Business Personal Property:

If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (1) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (2) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (3) Business personal property that you newly acquire, located at the described premises.

c. Limit of Insurance

The most we will pay for loss or damage under this Coverage Extension at each described premises is \$1,000,000.

d. Period of Coverage

With respect to insurance on or at each newly acquired or constructed property coverage will end when any of the following first occurs:

- (1) This policy expires; or
- (2) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (3) With respect to "computers", when specific insurance at the newly acquired premises is obtained; or
- (4) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

4. Outdoor Property

Paragraph **A.5.e. Outdoor Property**, is deleted and replaced by the following:

- a. You may extend the insurance provided by this Coverage Form to apply to the following outdoor property located on the described premises:
 - (1) Fences and retaining walls that are not a part of a building. The most we will pay in any one occurrence at each described premises is \$25,000.
 - (2) Outdoor radios, televisions, satellites, satellite dishes or other antennas, including their masts, towers and lead-in and support wiring. The most we will pay in any one occurrence at each described premises is \$25,000.
 - (3) Trees, shrubs, plants and lawns. This does not apply to "stock". The most we will pay in any one occurrence at each described premises is \$25,000, but not to exceed \$1,000 for any one item.

Debris removal expense is included in (1) through (3) above.

- b. Loss or damage covered by this Coverage Extension must be caused by or resulting from one of the following Causes of Loss if they are Covered Causes of Loss:
 - (1) Fire;
 - (2) Lightning;
 - (3) Explosion;
 - (4) Riot or civil commotion; or
 - (5) Aircraft.

5. Outdoor Signs

- a. We will pay for direct physical loss or damage to all outdoor signs at the described premises:

- (1) Owned by you; or
- (2) Owned by others in your care, custody or control.
- b. To the extent that coverage for outdoor signs is provided under this Coverage Extension, the provisions of **Property Not Covered** in the **Coverage** section do not apply.
- c. With respect to this Coverage Extension only, the **CAUSES OF LOSS – SPECIAL FORM, Section B. Exclusions**, is amended to delete all of the exclusions except for the following:
 - (1) 1.c.
 - (2) 1.d.
 - (3) 1.f.
 - (4) 2.d.(1)
 - (5) 2.d.(2)
 - (6) 2.d.(6)
 - (7) 2.h.
 - (8) 2.i.
 - (9) 2.m.
 - (10) 3.c.(4)
- d. Section **C. Limits Of Insurance**, is amended to show that the most we will pay for loss or damage to Outdoor Signs in any one occurrence at each described premises is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. The amount we will pay under this Coverage Extension is in addition to the Limits of Insurance shown in the Declarations.

6. Pairs Or Sets

Paragraph **E.7. Valuation**, is amended to add the following:

- a. In case of total loss of any items that are part of a pair or set that is individually listed and described in the Declarations, we will pay the full Limit of Insurance shown in the Declarations for that pair or set.
- b. In case of loss to any part of a pair or set that is not individually listed and described in the Declarations, we may:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (2) Pay the difference between the value of the pair or set before and after the loss.

7. Personal Effects And Property Of Others

Paragraph **A.5.b. Personal Effects And Property Of Others**, is deleted and replaced by the following:

- a. You may extend the insurance that applies to Your Business Personal Property to apply to:
 - (1) Personal effects owned by you, your officers, your partners or “members”, your “managers” or your “employees”. This Extension of Coverage does not apply to loss or damage by “theft”.
 - (2) Personal property of others in your care, custody or control.
- The most we will pay for loss or damage under (1) and (2) above in any one occurrence at each described premises is \$50,000.
- (3) Personal property checked with you by your guests, customers, or “members” by “theft” or attempted “theft” within a checkroom on the described premises, subject to the following:
 - (a) Exclusion **B.2.i.** in the **CAUSES OF LOSS – SPECIAL FORM** does not apply to this Coverage Extension.
 - (b) The most we will pay for loss or damage for checkroom “theft” in any one occurrence at each described premises is \$50,000, subject to a maximum limit of \$25,000 any one item.
 - (c) A deductible of \$250 will apply to each occurrence.

(d) Personal Effects and Property Of Others is valued on the same basis as Your Business Personal Property, but we will not pay more than the amount for which you are legally liable.

b. Our payment for loss or damage to personal property of others will only be for the account of the owner of the property.

8. Property In Transit

a. In the **CAUSES OF LOSS - SPECIAL FORM**, Section **F. Additional Coverage Extensions**, Paragraph **1.c. Property In Transit**, the most we will pay under this Coverage Extension is revised from \$5,000 to \$25,000, or the Limit Of Insurance shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

b. The Deductible applicable to Your Business Personal Property applies to this Coverage Extension.

9. Property Off-premises

Paragraph **A.5.d. Property Off-premises**, is deleted and replaced by the following:

a. You may extend the insurance provided by this Coverage Form to apply to your Covered Property while away from the described premises, while:

(1) Temporarily at a location you do not own, lease or operate;

(2) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

(3) At any fair, trade show or exhibition.

This Coverage Extension also applies to "computers" while such property is in the course of transit or is located at a premises you do not own, lease or operate for not more than 90 days.

b. This Coverage Extension does not apply to property:

(1) In or on a vehicle, except for "computers"; or

(2) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

c. With respect to this Coverage Extension only, Paragraph **A.2. Property Not Covered**, is amended to include:

(1) Property in storage away from the premises shown in the Declarations, except as provided in this Coverage Extension; and

(2) Property while on exhibition at fairs or on the premises of any national or international exposition, except as provided in this Coverage Extension.

d. The most we will pay for loss or damage in any one occurrence is \$25,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

e. The Deductible applicable to Your Business Personal Property applies to this Coverage Extension.

10. Sewers And Drains – Back Up

a. The Covered Causes of Loss are extended to include loss or damage caused by or resulting from water that backs up from a sewer or drain. Back up of sewers and drains means direct physical loss to Covered Property caused by water which backs up through sewers or drains or water which enters into and overflows from within a sump pump well, or other type of system designed to remove subsurface water which is drained from the foundation area.

b. With respect to this Coverage Extension only, the **CAUSES OF LOSS - SPECIAL FORM**, Paragraph **B.1.g. Water**, is amended to delete subparagraph (3).

c. The most we will pay for direct physical loss caused by back up of sewers and drains is \$100,000 in any one occurrence at each described premises, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

11. Tenant Glass

a. You may extend your Business Personal Property coverage to apply to loss or damage to building glass resulting from or caused by a Covered Cause of Loss.

- b. This Coverage Extension applies when you are a tenant and have a contractual responsibility to insure the building glass. However, we will not pay for loss or damage under this Coverage Extension when such contract also requires you to insure the building.
- c. Building glass is considered the glass that is part of the building or structure, including solar heating panels, glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation. It does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.

12. Valuable Papers And Records (Other Than Electronic Data)

Paragraph **A.5.c. Valuable Papers And Records (Other Than Electronic Data)**, is deleted and replaced by the following:

- a. You may extend the insurance that applies to Your Business Personal Property to direct physical loss or damage caused by or resulting from a “specified cause of loss” or Collapse, to valuable papers and records that you own, or that are in your care, custody or control.
- b. We will pay the cost to research lost information on valuable papers and records for which duplicates do not exist.
- c. We will pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and when there is a duplicate, for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance of Your Business Personal Property and therefore coverage of such costs is not additional insurance.
- d. This Coverage Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under paragraph **n.** of **Property Not Covered**.
- e. With respect to this Coverage Extension only, the **CAUSES OF LOSS – SPECIAL FORM, Section B. Exclusions**, is amended to delete all of the exclusions except for the following:
 - (1) **B.1.c.**
 - (2) **B.1.d.**
 - (3) **B.1.f.**
 - (4) **B.2.f.**
 - (5) **B.2.g.**
 - (6) **B.3.**
- f. We will not pay for property held as samples or for delivery after sale or property in storage away from the premises shown in the Declarations.
- g. The most we will pay is \$50,000 in any one occurrence at each described premises, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule. Except as addressed in **c.** above, this Coverage Extension is an additional Limit of Insurance and not subject to the Limits of Insurance on the Declarations.

C. Coverage Extension, found in:

1. Paragraph **A.6.** of the **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**

is re-titled as **Coverage Extensions** and amended to add the following Coverage Extensions. Unless specifically addressed herein, the Deductibles and “periods of restoration” that apply to these Coverage Extensions are those applicable to the described premises. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Food Contamination

- a. If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay:
 - (1) The actual loss of Business Income you sustain due to the necessary “suspension” of your “operations; and
 - (2) The following Extra Expenses:

- (a) To clean your equipment as required by the Board of Health or any other governmental authority;
 - (b) To replace food which is, or is suspected to be, contaminated;
 - (c) Necessary medical tests or vaccinations for your “employees”; and
 - (d) The cost of additional advertising to restore your reputation.
- b. This Coverage Extension for Business Income and the cost of additional advertising will begin twenty-four hours after you receive notice of closing from the Board of Health or any other governmental authority and will apply for a period of up to 90 consecutive days after such coverage begins.
 - c. Food contamination means an incidence of food poisoning to one or more of your patrons as a result of:
 - (1) Tainted food you purchased;
 - (2) Food which has been unintentionally stored, handled or prepared improperly; or
 - (3) A communicable disease transmitted through one or more of your “employees”.
 - d. We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination at the described premises.
 - e. The Deductible does not apply to this Coverage Extension.
 - f. The most we will pay in any one occurrence is:
 - (1) \$25,000 for Extra Expense; and
 - (2) \$25,000 for Business Income,
 unless higher Limits Of Insurance are shown in the Restaurant Enhancement Endorsement Supplemental Schedule

The limits we will pay under this coverage are in addition to the Limits of Insurance shown in the Declarations.

2. Utility Services – Time Element (Including Overhead Transmission Lines)

- a. Your Business Income and Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a “suspension” of “operations” at the described premises caused by an interruption in utility services to that premises.
- b. The interruption in utility services must result from direct physical loss by a Covered Cause of Loss to a utility service, not on the described premises.
- c. We will not pay for loss or damage to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning described in paragraph n. of **Property Not Covered** in the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**.
- d. Utility Services includes the following:
 - (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;
 - (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), including overhead transmission lines; and
 - (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, including overhead transmission lines.
- e. The “period of restoration” begins after the longest time period of the following:

- (1) 24 hours after the time of direct physical loss or damage to the off-premises property to which this Coverage Extension applies;
- (2) The “period of restoration” applicable to the described premises;
- (3) The “period of restoration” applicable to the Cause of Loss.

- f. The **CAUSES OF LOSS – SPECIAL FORM, Section B. Exclusions**, is amended to delete **e. Utility Services** to the extent that the exclusion would conflict with the provisions of this Coverage Extension.
- g. The most we will pay in any one occurrence at each described premises is \$100,000. The most we will pay in any one “named storm”, regardless of the number of described premises involved, is \$500,000, unless a higher Limit Of Insurance is shown in the Restaurant Enhancement Endorsement Supplemental Schedule.

3. Tips Included as Business Income

If ordinary payroll is covered by the Business Income coverage form(s) attached to this policy, your Business Income coverage is extended to apply to tip income of your employees:

- a. As reported to you by your employees; and
- b. Reported by you to the Internal Revenue Service in accordance with Internal Revenue regulations.

D. With respect to this endorsement only, the following Definitions are added:

1. “Computer” means:
 - a. Your programmable electronic equipment that is used to store, retrieve and process electronic data. It includes their component parts and dedicated air conditioning, fire suppression equipment and electrical equipment used exclusively in your “computer” “operations; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing or auxiliary functions such as electronic data transmission.

“Computer” does not mean electronic data and media.

2. “Counterfeit money” means an imitation of “money” that is intended to deceive and to be taken as genuine.
3. “Employee” means:
 - a. Any natural person:
 - (1) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to “theft” or any dishonest act committed by the “employee”;
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent “employee” as defined in Paragraph a., who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the described premises.
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph b.;
 - d. Any natural person who is a former “employee”, partner, “member”, “manager”, director or trustee retained as a consultant while performing services for you;
 - e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the described premises.
 - f. Any “employee” of an entity merged or consolidated with you prior to the effective date of this policy; or
 - g. Any of your “managers”, directors or trustees while:
 - (1) Performing acts within the scope of the usual duties of an “employee”; or

- (2) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

“Employee” does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraphs **a.** through **g.** above.

4. “Employee Benefit Plan” means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

With regard to covered “Employee Benefit Plans” the definition of “employee” is extended to include any natural person who is:

- a. A trustee, officer, “employee”, administrator, or a “manager”, except an administrator or a “manager” who is an independent contractor; and
 - b. Your director or trustee while that person is handling funds or other property of any “Employee Benefit Plan”.
5. “Forgery” means the signing of the name of another person or organization with intent to deceive.
“Forgery” does not mean a signature which consists in whole or in part of one’s own name signed with or without authority, in any capacity, for any person.
6. “Manager” means a person serving in a directorial capacity for a limited liability company.
7. “Member” means an owner of a limited liability company represented by its membership interest, who also may serve as a “manager”.
8. “Money” means currency, coins and bank notes in current use and having a face value; and traveler’s checks, register checks and money orders held for sale to the public. The value will be at its face value or its equivalent (if from a country other than the United States of America) based on exchange rates in effect when the loss occurred.
9. “Named Storm” means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association, or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A “named storm” includes hurricanes, tropical depressions, and tropical storms. A “named storm” begins at the time a Watch or Warning is issued by any of the aforementioned entities for the area in which the affected premises are located, and ends 72 hours after the termination of the last Watch or Warning issued for that area by the same entity.
10. “Securities” means negotiable and non-negotiable instruments or contracts representing either “money” or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued to you;
but does not include “money”.
11. “Theft” means the unlawful taking of property to the deprivation of the Insured.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN THE SAME.

POLICY NUMBER: MCRD3819513A

RESTAURANT ENHANCEMENT ENDORSEMENT SUPPLEMENTAL SCHEDULE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
This endorsement modifies insurance provided under the following:

RESTAURANT ENHANCEMENT ENDORSEMENT

The increased Limits Of Insurance are applicable only to the coverage(s) for which an "X" is shown in the corresponding box below and replace the Limits shown in the Restaurant Enhancement Endorsement.

	Coverage	Limits Of Insurance	Location(s)
Building And Personal Property Coverage Form – Additional Coverages			
<input checked="" type="checkbox"/>	Accounts Receivable	\$250,000	LOC1&3
<input type="checkbox"/>	Employee Dishonesty		
<input checked="" type="checkbox"/>	Fine Arts	\$300,000	LOC1&3
<input type="checkbox"/>	Forgery Or Alteration		
<input type="checkbox"/>	Money And Securities – Inside		
<input type="checkbox"/>	Money And Securities – Outside		
<input type="checkbox"/>	Money Orders And Counterfeit Money		
<input type="checkbox"/>	Ordinance Or Law – Demolition Cost		
<input type="checkbox"/>	Ordinance Or Law – Increased Cost Of Construction		
<input checked="" type="checkbox"/>	Utility Services – Direct Damage (Including Spoilage)	\$50,000	LOC1&3
<input type="checkbox"/>	Computer Fraud And Funds Transfer Fraud		
<input type="checkbox"/>	Leasehold Interest Improvements And Betterments		
<input type="checkbox"/>	Catering Contract Penalty Clause		
Building And Personal Property Coverage Form – Coverage Extensions			
<input type="checkbox"/>	Extended Computer Coverage – Computers		
<input type="checkbox"/>	Extended Computer Coverage – Electronic Data		
<input type="checkbox"/>	Outdoor Signs		
<input type="checkbox"/>	Property In Transit		
<input type="checkbox"/>	Property Off-Premises		
<input type="checkbox"/>	Sewers And Drains – Back Up		
<input type="checkbox"/>	Valuable Papers And Records		

Business Income – Coverage Extensions			
<input checked="" type="checkbox"/>	Food Contamination – Extra Expense	\$50,000	LOC1&3
<input checked="" type="checkbox"/>	Food Contamination – Business Income	\$50,000	LOC1&3
<input type="checkbox"/>	Utility Services – Time Element		

All other terms and conditions of this policy remain unchanged.

Authorized Representative

POLICY NUMBER: MCRD3819513A

EQUIPMENT BREAKDOWN COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL PROPERTY COVERAGE PART

A. ADDITIONAL COVERED CAUSE OF LOSS

The following is added to the Covered Causes of Loss:

Equipment Breakdown, meaning a "breakdown" to "covered equipment".

B. PROPERTY NOT COVERED

With regard to the coverage provided by this Endorsement only, A.2.b. in the Building and Personal Property Coverage Form is replaced with:

- b.** Animals.

C. EQUIPMENT BREAKDOWN ADDITIONAL COVERAGES

The following Additional Coverages apply to loss or damage caused by or resulting from a "breakdown" to "covered equipment".

1. Business Income and Extra Expense

If Business Income and/ or Extra Expense coverage is provided in the Coverage Form, it is extended to cover loss or expense resulting from a "breakdown" to "covered equipment".

2. Expediting Expenses

With respect to your damaged Covered Property, we will pay for reasonable extra costs you incur to:

- a.** Make temporary repairs; and
- b.** Expedite permanent repairs or replacement.

Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. The most we will pay for expediting expenses is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

3. Pollutant Clean Up and Removal

We will pay for the additional costs you incur to repair or replace Covered Property which has been damaged, contaminated or polluted by a "hazardous substance". This includes the additional expenses you incur to clean up or dispose of such property.

Additional expenses means expenses you incur that you would not have been incurred if no "hazardous substance" had been involved.

The most we will pay for loss or damage under this Additional Coverage including any:

- a.** Spoilage of "perishable goods";
- b.** Actual loss of Business Income you sustain; and
- c.** Necessary Extra Expense you incur;

is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

The coverage provided by this Additional Coverage does not include loss to "perishable goods" due to contamination from the release of a refrigerant.

4. Spoilage

- a. We will pay for loss of "perishable goods" due to spoilage.
- b. We will also pay for loss of "perishable goods" due to contamination from the release of a refrigerant, including but not limited to ammonia.
- c. We will pay any necessary expenses you incur to reduce the amount of loss under this Additional Coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Additional Coverage.
- d. If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "breakdown", less any discounts and expenses you otherwise would have had. Otherwise, our payment will be determined in accordance with the Loss Payment condition.

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

5. Electronic Data

- a. We will pay for your cost to research, replace and restore data, including programs and operating systems, that are lost or corrupted due to a "breakdown" to "covered equipment".
- b. We will also pay for loss or damage to "media" caused by a "breakdown".

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

6. Demolition and Increased Cost of Construction

If a "breakdown" to "covered equipment" damages a building that is Covered Property that is insured at replacement cost, and the loss is increased by the enforcement of any laws or ordinances that are in force at the time of the "breakdown" and which regulate the demolition, construction, repair or use of the building or structure, we will pay the increased cost to:

- a. Repair or reconstruct damaged portions of that Building property;
- b. Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required; and/or
- c. Demolish and clear the site of undamaged parts;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by such "breakdown";
- b. Regulates the construction or repair of buildings, or establishes zoning, or land use requirements at the described premises; and
- c. Is in force at the time of loss.

However, this coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

We will not pay more than the amount you actually spend to repair, rebuild or reconstruct the building or to demolish and clear the site of the described premises.

We will not pay for any of the following types of expenses that you incur arising out of the enforcement of building, zoning or land use ordinance or law:

- a. Fines;
- b. Your liability to a third party;
- c. Any increased costs you incur to clean up or dispose of Covered Property that has been contaminated by a "hazardous substance"; or
- d. Any increased cost of construction until the building is actually repaired, reconstructed or remodeled.

The most we will pay for loss or damage under this Additional Coverage is \$25,000 or the Coverage Limit shown in the Schedule, whichever is greater.

7. Service Interruption

You may extend coverage provided under this endorsement for Business Income, Extra Expense and Spoilage to apply to loss or damage caused by or resulting from a "breakdown" to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Coverage for Service Interruption will begin 72 hours after the time the "breakdown" causes the interruption of the utility service, unless a different time is shown for Service Interruption-Waiting Period in the Equipment Breakdown Schedule.

C. EQUIPMENT BREAKDOWN EXCLUSIONS**1. All Exclusions and Limitations apply except:****a. In the Causes of Loss-- Special Form:**

(1) Exclusions B.2.a., B.2.d.(6) and B.2.e.; and

(2) Limitations C.1.a. and C.1.b.

b. In the Causes of Loss-- Broad Form: Exclusions B.2.a., B.2.b. and B.2.c.**c. In the Causes of Loss-- Basic Form: Exclusions B.2.a., B.2.d. and B.2.e.****2. The Exclusions and Limitations are modified as follows:****a. The following is added to Exclusion B.1.g.(1) of the applicable Causes of Loss form:**

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and Deductible.

b. If the Causes of Loss-- Basic Form or Causes of Loss-- Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if loss or damage from a "breakdown" results, we will pay for that resulting loss or damage.

c. If the Causes of Loss-- Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "breakdown", we will pay for the loss or damage caused by that "breakdown".

d. We will not pay under this endorsement loss or damage caused by or resulting from:

(1) Your failure to use all reasonable means to protect the "perishable goods" from damage following a "breakdown";

(2) Any of the following tests:

(a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or

(b) An insulation breakdown test of any type of electrical equipment.

e. With respect to the Service Interruption and Spoilage Additional Coverages, we will also not pay for loss or damage caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; or collapse.**D. SPECIAL DEDUCTIBLE**

As respects Equipment Breakdown Coverage, when a Special Deductible is shown in the Schedule, Paragraph D. DEDUCTIBLE is deleted and replaced with the following:

1. Property Damage, Business Income and Extra Expense Coverages

The Property Damage Coverages Deductibles apply to all loss or damage covered by this endorsement, with the exception of those coverages subject to the Business Income and Extra Expenses Coverages Deductibles. If deductibles vary by type of "covered equipment" and more than one type of equipment is involved in any one "breakdown", only the highest deductible will apply.

2. Application of Special Deductibles**a. Dollar Deductibles**

We will not pay for loss or damage resulting from any one "breakdown" until the amount of loss or damage exceeds the applicable dollar deductible shown in the Schedule. We will then pay the amount of loss or damage in excess of the applicable dollar deductible, up to the applicable Limit of Insurance.

b. Time Deductible

If a time deductible is shown in the Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "breakdown". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage form that is part of this policy) that would have been earned had no "breakdown" occurred during the period of interruption of business divided by the number of working days in that period. But, no reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "breakdown", or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to all locations included in the valuation of the loss.

The number indicated in the Schedule shall be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

E. CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. New Generation

If "covered equipment" is covered on a replacement cost basis and such equipment requires replacement due to a "breakdown", we will pay your additional cost to replace it with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace such equipment with like kind and quality.

2. Jurisdictional Inspections

a. We agree to provide pressure vessel certificate-of-operation engineering services where:

- (1) The certificate-of-operation is required by state, city or provincial law; and
- (2) The state, city or provincial law permits inspections by insurance company employees.

b. If we receive notification of a pressure vessel certificate-of-operation inspection due date less than 30 (thirty) days prior to the expiration of the certificate-of-operation, we will not be responsible for:

- (1) Any fine or other penalty that may be assessed; or
- (2) Any liability that may arise due to the fact that the inspection was not performed prior to the certificate-of-operation due date.

c. Certificate-of-operation engineering services will not be provided for any location, other than in the United States of America, Puerto Rico or Canada.

3. Suspension

a. Whenever any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the coverage provided by this endorsement.

b. We will deliver or mail a written notice of suspension to your last known address or the address where the "covered equipment" is located.

c. Once suspended in this way, your coverage can be reinstated only by written notice from us.

- d. If we suspend your coverage, you will get a pro rata refund of premium for that "covered equipment". But the suspension will be effective even if we have not yet made or offered a refund.

4. Payment Limits

The most we will pay for loss or damage under this endorsement is the applicable Limit of Insurance shown in the Commercial Property Declarations or Equipment Breakdown Coverage Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

F. DEFINITIONS

The following are added to the Definitions.

1. "Breakdown"

- a. "Breakdown" means direct physical loss or damage caused by or resulting from:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- (3) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- (4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- (5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

- b. "Breakdown" does not mean:

- (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
- (2) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
- (3) Damage to any vacuum tube, gas tube, or brush;
- (4) Defects, erasures, errors, limitations or viruses in "computer equipment", data, "media" and/or programs including the inability to recognize and process any date or time or provide instructions to "covered equipment". However, if a "breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
- (5) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (6) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
- (7) The functioning of any safety or protective device.

- c. If an initial "breakdown" causes other "breakdowns", all will be considered one "breakdown". All "breakdowns" that manifest themselves at the same time and are the result of the same cause will also be considered one "breakdown".

2. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment, other than computers used primarily to control or operate "covered equipment".

3. "Covered Equipment"

- a. "Covered equipment" means any Covered Property that is:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the "covered equipment" and the gas passages from there to the atmosphere will be considered as outside the "covered equipment";
- (2) Communication equipment and "computer equipment";
- (3) Fiber optic cable; or
- (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

- b. "Covered equipment" does not mean any:

- (1) Structure, foundation, cabinet, compartment or air supported structure or building containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
- (2) Insulating or refractory material;
- (3) Pressure vessels and piping that are buried below ground and require excavation of materials to inspect, remove, repair or replace, or piping forming a part of a sprinkler system;
- (4) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;

- (5) Vehicles, unless such vehicle is stationary, permanently installed at the described premises and receives electrical power from an external power supplier;
 - (6) Dragline, power shovel, excavation or construction equipment; or
 - (7) Equipment or any part of equipment manufactured by you for sale.
4. "Hazardous substances" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.
 5. "Media" means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.
 6. "Perishable Goods" means personal property maintained under controlled conditions for its preservation, and that is susceptible to loss or damage if the controlled conditions change.

All other terms and conditions remain unchanged.

CHUBB®**Policy Number
MCRD3819513A****COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS****Indemnity Insurance Company of North America**Named Insured **SCHATZI CORP DBA WALLSE**Effective Date: **10-12-19****12:01 A.M., Standard Time**Agent Name **INNOVATIVE COVERAGE CONCEPTS LLC**Agent No. **Z03347****Item 1. Business Description: RESTAURANT****Item 2. Premises Described: See Schedule of Locations****Item 3. \$500 Deductible unless otherwise indicated.****Item 4. Coverage Provided**

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	001	BUSINESS PERS PROP JOISTED MASONRY	\$ 600,000	SPECIAL	80

Other Provisions

Agreed Value: \$ 600,000 **Expires:** 10/12/20 **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum **Inflation Guard:** %
 Reporting Extended Days BI Media
Extension of Recovery Period: Months **Wind/Hail Deductible:**
Deductible: \$ 5,000 **Earthquake Deductible:** Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	001	BUS INC OTHER THAN RENTAL JOISTED MASONRY	\$ 800,000	SPECIAL	80

Other Provisions

Agreed Value: **Expires:** **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum **Inflation Guard:** %
 Reporting Extended Days BI Media
Extension of Recovery Period: Months **Wind/Hail Deductible:**
Deductible: **Earthquake Deductible:** Exceptions
EXT/OPT: 72-HR TIME CHG TO 24-HR.

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
003	001	BUSINESS PERS PROP JOISTED MASONRY	\$ 300,000	SPECIAL	80

Other Provisions

Agreed Value: \$ 300,000 **Expires:** 10/12/20 **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum **Inflation Guard:** %
 Reporting Extended Days BI Media
Extension of Recovery Period: Months **Wind/Hail Deductible:**
Deductible: \$ 5,000 **Earthquake Deductible:** Exceptions

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

CHUBB®

**Policy Number
MCRD3819513A**

**COMMERCIAL PROPERTY COVERAGE PART
EXTENSION OF SUPPLEMENTAL DECLARATIONS**

Indemnity Insurance Company of North America

Named Insured **SCHATZI CORP DBA WALLSE**

Effective Date: **10-12-19**
12:01 A.M., Standard Time

Agent Name **INNOVATIVE COVERAGE CONCEPTS LLC**

Agent No. **Z03347**

Item 4. Coverage Provided (applies only when a limit is shown below)

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
003	001	BUS INC OTHER THAN RENTAL JOISTED MASONRY	\$ 300,000	SPECIAL	80

Other Provisions

Agreed Value: Expires: **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended Days BI Media
 Extension of Recovery Period: Months Wind/Hail Deductible:
 Deductible: Earthquake Deductible: Exceptions
 EXT/OPT: 72-HR TIME CHG TO 24-HR.

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended Days BI Media
 Extension of Recovery Period: Months Wind/Hail Deductible:
 Deductible: Earthquake Deductible: Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended Days BI Media
 Extension of Recovery Period: Months Wind/Hail Deductible:
 Deductible: Earthquake Deductible: Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: **Replacement Cost**
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended Days BI Media
 Extension of Recovery Period: Months Wind/Hail Deductible:
 Deductible: Earthquake Deductible: Exceptions

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

FA-24634 (01/08)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. If this policy covers the interest of the owner of any of the following types of buildings or structures:

1. Residential, except owner-occupied single-family or owner-occupied two-family buildings or structures;
2. Commercial; or
3. Industrial;

the following provision is added:

Before payment to you for loss or damage to the above buildings or structures caused by or resulting from fire, we will:

- (1) Deduct from your payment the claim of any tax district that issues a certificate of lien in accordance with the Insurance Law; and
- (2) Pay directly to the tax district the amount of the claim.

When we pay that claim, we will have no obligation to pay the amount of that claim to you. Our payment of that claim within 30 days of our receipt of the certificate of lien will be a conclusive presumption that the claim was valid and properly paid.

B. The following is added with respect to any Condition of this Coverage Part which requires you to notify us of loss or to notify us of an accident, claim or "suit":

1. Notice given by or on your behalf; or
2. Written notice by or on behalf of any claimant; to any of our agents in New York State, which adequately identifies you, will be the same as notice to us.

C. Legal Action Against Us

1. The **Legal Action Against Us** Loss Condition in the Legal Liability Coverage Form is replaced by the following:

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from you; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

2. Paragraph **b.** of Additional Condition **H.5. Legal Action Against Us** in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

- b. No person or organization has a right under Coverages **C** and **D**:
 - (1) To join us as a party or otherwise bring us into a "suit" asking for damages from you; or
 - (2) To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

- D. The Examination Of Your Books And Records** Common Policy Condition is replaced by the following:

Examination Of Your Books And Records

1. Except as provided in 2. below, we may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
2. We will conduct an audit to determine the final premium due or to be refunded, for coverage for which an advance or deposit premium was paid based on estimated exposure. But the audit may be waived if:
 - a. The total annual premium attributable to the auditable exposure base is not reasonably expected to exceed \$1,500; or
 - b. The policy requires notification to the insurer with the specific identification of any additional exposure units (e.g., buildings) for which coverage is requested.

If the audit is not waived, it must be completed within 180 days after:

- a. The expiration date of the policy; or
- b. The anniversary date, if this is a continuous policy or a policy written for a term longer than one year.

- E. The following sentence is deleted from Paragraph A. in the Legal Liability Coverage Form:**

We will have the right and duty to defend any "suit" seeking those damages.

The following sentence is added to Paragraph A. in the Legal Liability Coverage Form:

We will have the right and duty to defend any "suit" seeking those damages even if the allegations of the "suit" are groundless, false or fraudulent.

- F. The following sentence is deleted from Paragraph A.3. in the Mortgageholders Errors And Omissions Coverage Form:**

We will have the right and duty to defend any "suit" seeking those damages.

The following is added to Paragraph A.3. in the Mortgageholders Errors And Omissions Coverage Form:

We will have the right and duty to defend any "suit" seeking those damages even if the allegations of the "suit" are groundless, false or fraudulent.

- G. The following Condition is added to Paragraph D. of the Legal Liability Coverage Form and Paragraph F.4. of the Mortgageholders Errors And Omissions Coverage Form:**

Transfer Of Duties When A Limit Of Insurance Is Used Up

1. If we conclude that, based on claims or "suits" which have been reported to us and to which this insurance may apply, a Limit of Insurance is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.
2. When the Limit of Insurance has actually been used up in the payment of judgments or settlements:
 - a. We will notify the first Named Insured, in writing, as soon as practicable, that:
 - (1) Such a limit has actually been used up; and
 - (2) Our duty to defend "suits" seeking damages subject to that limit has also ended.
 - b. We will initiate, and cooperate in, the transfer of control, to any appropriate insured, of all claims and "suits" seeking damages which are subject to that limit and which are reported to us before that limit is used up. That insured must cooperate in the transfer of control of said claims and "suits".

We agree to take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such "suits" until such transfer is completed, provided the appropriate insured is cooperating in completing such transfer.

We will take no action whatsoever with respect to any claim or "suit" seeking damages that would have been subject to that limit, had it not been used up, if the claim or "suit" is reported to us after that limit of insurance has been used up.

c. The first Named Insured, and any other insured involved in a "suit" seeking damages subject to that limit, must arrange for the defense of such "suit" within such time period as agreed to between the appropriate insured and us. Absent any such agreement, arrangements for the defense of such "suit" must be made as soon as practicable.

3. The first Named Insured will reimburse us for expenses we incur in taking those steps we deem appropriate in accordance with Paragraph 2.b. above.

The duty of the first Named Insured to reimburse us will begin on:

a. The date on which the applicable limit of insurance is used up, if we sent notice in accordance with Paragraph 1. above; or

b. The date on which we sent notice in accordance with Paragraph 2.a. above, if we did not send notice in accordance with Paragraph 1. above.

4. The exhaustion of any limit of insurance by the payments of judgments or settlements, and the resulting end of our duty to defend, will not be affected by our failure to comply with any of the provisions of this Condition.

H. Except as provided in I. below, the **Appraisal** Condition is replaced by the following:

Appraisal

1. If we and you disagree on the value of the property, the extent of the loss or damage or the amount of the loss or damage, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand.

2. If we or you fail to proceed with the appraisal of the covered loss after a written demand is made by either party, then either party may apply to a court having jurisdiction for an order directing the party that failed to proceed with the appraisal to comply with the demand for the appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such order.

3. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the extent of the loss or damage and the amount of the loss or damage. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

4. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

I. The **Appraisal** Condition in:

1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and

2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

Appraisal

1. If we and you disagree on the amount of Net Income and operating expense, the extent of the loss or damage or the amount of the loss or damage, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand.

2. If we or you fail to proceed with the appraisal of the covered loss after a written demand is made by either party, then either party may apply to a court having jurisdiction for an order directing the party that failed to proceed with the appraisal to comply with the demand for the appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such order.

3. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense, the extent of the loss or damage and the amount of the loss or damage. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

4. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

J. The following provision is added to the Commercial Property Coverage Part:

Estimation Of Claims

Upon request, we will furnish you or your representative with a written estimate of damages to real property specifying all deductions, provided such an estimate has been prepared by us or has been prepared on our behalf for our own purposes. This estimate will be provided within 30 days after your request or its preparation, whichever is later.

K. The following provision is added to the Legal Liability Coverage Form and supersedes any provision to the contrary:

Failure to give prompt notice to us, as required under this Coverage Form, shall not invalidate any claim made by you or any other claimant, unless the failure to provide such timely notice has prejudiced us. However, no claim made by you or any other claimant will be invalidated if it shall be shown not to have been reasonably possible to give such timely notice and that notice was given as soon as was reasonably possible thereafter.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – FUNGUS, WET ROT AND DRY ROT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** In the Causes Of Loss – Basic Form, Causes Of Loss – Broad Form, Causes Of Loss – Special Form, and Mortgageholders Errors And Omissions Coverage Form, the exclusion titled "Fungus", Wet Rot, Dry Rot And Bacteria and the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria are deleted. Under these forms, the following exclusion is added:
- We will not pay for loss or damage caused by or resulting from "fungus", wet rot or dry rot. However, this exclusion does not apply when "fungus", wet rot or dry rot results from a Covered Cause of Loss.
- B.** In the Building And Personal Property Coverage Form and the Condominium Association Coverage Form, under the Additional Coverage – Increased Cost Of Construction, Paragraph **A.4.e.(5)** is replaced by the following:
- Under this Additional Coverage, we will not pay for:
1. The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
 2. Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- C.** Paragraph **C.** of Ordinance Or Law Coverage Endorsement **CP 04 05** is replaced by the following:
- We will not pay under Coverage **A**, **B** or **C** of this endorsement for:
1. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
 2. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- D.** Paragraph **A.** of Ordinance Or Law – Increased Period Of Restoration Endorsement **CP 15 31** is replaced by the following:
- If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from a requirement to comply with any ordinance or law that:
1. Regulates the construction or repair of any property;
 2. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
 3. Is in force at the time of loss.
- However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires:
1. The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
 2. Any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

E. Paragraph **E.3.** of Functional Building Valuation Endorsement **CP 04 38** is replaced by the following:

We will not pay under this endorsement for:

1. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
2. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK – EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
- However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part.
- C.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part.

POLICY NUMBER: MCRD3819513A

COMMERCIAL PROPERTY
CP 04 11 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable
ALL	ALL	P-1 and P-5
Describe Any 'P-9':		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:

'P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;
 - (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
 - (1) Non-automatic fire protective systems; and

(2) Hydrants, standpipes and outlets.

'P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

'P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

'P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

'P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

'P-9', the protective system described in the Schedule.

B. The following is added to the **Exclusions** section of:

Causes Of Loss – Basic Form

Causes Of Loss – Broad Form

Causes Of Loss – Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1)** Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f.** Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- j. Rain, snow, ice or sleet to personal property in the open.

- k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

- (b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

- 3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance; of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;
 - (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
 - b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c.** \$2,500 for patterns, dies, molds and forms.
 - d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
- a.** Results in discharge of any substance from an automatic fire protection system; or
 - b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
3. This **Additional Coverage – Collapse** does **not** apply to:
- a.** A building or any part of a building that is in danger of falling down or caving in;
 - b.** A part of a building that is standing, even if it has separated from another part of the building; or
 - c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
4. With respect to the following property:
- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a.** If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b.** If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a.** You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b.** Loss or damage must be caused by or result from one of the following causes of loss:
- (1)** Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2)** Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
- (3)** Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c.** The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a.** We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

POLICY NUMBER: MCRD3819513A

COMMERCIAL PROPERTY
CP 15 56 06 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME CHANGES – BEGINNING OF THE PERIOD OF RESTORATION

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

SCHEDULE

Select Either A. Or B

A. **72-Hour Time Period Is Replaced By 24 Hours**

B. **72-Hour Time Period Is Eliminated**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. If the Schedule indicates that the 72-hour time period is replaced by 24 hours, then:

1. The 72-hour time period in the definition of "period of restoration" is replaced by 24 hours. Therefore, the period of restoration for Business Income Coverage begins 24 hours after the time of direct physical loss or damage, subject to all other provisions of the definition of "period of restoration"; and
2. The 72-hour time period in the Civil Authority Additional Coverage is replaced by 24 hours. Therefore, coverage under the Additional Coverage – Civil Authority begins 24 hours after the time of action of civil authority, subject to all other provisions of that Additional Coverage.

B. If the Schedule indicates that the 72-hour time period is eliminated, then:

1. The 72-hour time period in the definition of "period of restoration" is deleted. Therefore, the period of restoration for Business Income Coverage begins at the time of direct physical loss or damage, subject to all other provisions of the definition of "period of restoration"; and
2. The 72-hour time period in the Civil Authority Additional Coverage is deleted. Therefore, coverage under the Additional Coverage – Civil Authority begins at the time of action of civil authority, subject to all other provisions of that Additional Coverage.



EARTHQUAKE AND VOLCANIC ERUPTION, OR FLOOD – LIMITED COVERAGE

Named Insured: Schatzi Corp; YKG Corp; KG715 Inc; Strong Five LLC dba Wallse; Café Sabarsky; Upholstery; Blaue Gans			Endorsement Number:
Policy Symbol: MCRD	Policy Number: 3819513A-03	Policy Period: 10/12/2019 to 10/12/2020	Effective Date of Endorsement: 10/12/2019
Issued By (Name of Insurance Company) Indemnity Insurance Company of North America			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM**

**CAUSES OF LOSS – BASIC, BROAD AND SPECIAL
SCHEDULE**

YOUR POLICY CONSISTS OF THE FOLLOWING COVERAGE(S) WHEN A LIMIT OF INSURANCE IS INDICATED BELOW.

IF A LIMIT OF INSURANCE IS NOT SHOWN, THERE IS NO COVERAGE PROVIDED.

(Information required to complete the Schedule, if not shown below, will be shown in the Declarations.)

COVERAGES	LIMIT OF INSURANCE	DEDUCTIBLE
Earthquake and Volcanic Eruption	\$ 250,000	\$ 25,000
Flood	\$ 250,000	\$ 25,000

A. This endorsement applies to the Covered Property and Coverages for which an Earthquake and Volcanic Eruption Limit of Insurance and/or a Flood Limit of Insurance is shown in the Schedule of this endorsement.

B. Earthquake And Volcanic Eruption

1. Additional Covered Causes Of Loss

If a Limit of Insurance is shown in the Schedule of this endorsement, the following are added to the Covered Causes of Loss:

- a. Earthquake; and
- b. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168 hour period.

2. Exclusions, Limitations And Related Provisions

- a. The Exclusions and Limitation(s) sections of the Causes of Loss Form apply to coverage provided under this endorsement, except as provided in **B.2.b.** and **B.2.c.** below.
- b. The Earth Movement exclusion found in the Causes Of Loss Form is replaced by the following:

We will not pay for loss or damage caused directly or indirectly by landslide, sinkhole collapse or earth movement other than earthquake and volcanic eruption. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

- c. The exclusion of Collapse, in the Causes Of Loss – Special Form, does not apply to collapse caused by Earthquake or Volcanic Eruption.
- d. The Additional Coverage – Collapse, in the Causes Of Loss – Broad Form and Special Form, does not apply to the coverage provided under this endorsement. This endorsement includes coverage for collapse caused by Earthquake or Volcanic Eruption.
- e. We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
- f. We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
- g. The Ordinance Or Law exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.
- h. We will not pay for loss or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Deductible applicable to this endorsement. This limitation does not apply if less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).
- i. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not Covered Property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land.
- j. We will not pay for loss or damage to any property located in the following States and Counties:
 - Alaska
 - California
 - Hawaii
 - Oregon
 - Washington
 - New Madrid area, defined as the counties in the following States:
 - Arkansas – Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence, Lee, Mississippi, Monroe, Phillips, Poinsett, Randolph, St. Francis, Woodruff;
 - Illinois – Alexander, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jefferson, Johnson, Massac, Perry, Pope, Pulaski, Randolph, Saline, Union, Wayne, White, Williamson;
 - Indiana – Posey;
 - Kentucky – Ballard, Calloway, Carlisle, Crittenden, Fulton, Graves, Hickman, Livingston, Lyon, Marshall, McCracken, Union;
 - Mississippi - Coahoma, DeSoto, Marshall, Tate, Tunica
 - Missouri – Bollinger, Butler, Cape Girardeau, Dunklin, Madison, Mississippi, New Madrid, Pemiscot, Perry, Ripley, Scott, Stoddard, Wayne;
 - Tennessee – Carroll, Crockett, Dyer, Fayette, Gibson, Haywood, Henry, Lake, Lauderdale, Madison, Obion, Shelby, Tipton, Weakley

C. Flood

1. Additional Covered Cause Of Loss

If a Limit of Insurance is shown in the Schedule of this endorsement, the following is added to the Covered Causes of Loss:

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

- a. Surface water or spray, waves (including tidal wave) or overflow of any body of water, even if driven by wind;

- b. Underground water exerting pressure on or flowing through a sidewalk, driveway or other paved surface, foundation, wall, basement, door, window or other opening; or
- c. Mudslides or mudflows which are caused by flooding as defined in **C.1.a.** and **C1.b.** above. For the purpose of this Covered Cause of Loss a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

All flooding in a continuous or protracted event will constitute a single flood.

2. Exclusions, Limitations And Related Provisions

- a. The Exclusions and Limitation(s) sections of the Causes Of Loss Form (and the Standard Property Policy), apply to coverage provided under this endorsement, except as provided in **C.2.b.** and **C.2.c.** below.
- b. To the extent that a part of the Water Exclusion might conflict with coverage provided under this endorsement, that part of the Water Exclusion does not apply.
- c. To the extent that a tsunami causes the overflow of tidal waters, the exclusion of earthquake, in the Earth Movement Exclusion, does not apply.
- d. The Ordinance Or Law Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless the Ordinance Or Law Coverage is added by endorsement.
- e. We will not pay for loss or damage caused by or resulting from any Flood that begins before or within 72 hours after the inception date of this endorsement. However, this limitation does not apply to a particular location if Flood coverage was in effect for that location for at least 72 hours immediately prior to the inception date of this endorsement, under a policy issued by us or by another insurer, and this policy replaces the previous policy without a lapse in coverage. If you request and we provide an increase in the stated Limit of Insurance for Flood in the Schedule above during the term of this policy, with the exception of an increase at the time of renewal of the policy, the increase will not apply to loss or damage from any Flood that begins before or within 72 hours after your request was made. If a flood is due to the overflow of inland or tidal waters, then the flood is considered to begin when the water first overflows its banks.
- f. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not Covered Property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood. However, coverage under this endorsement includes damage to the covered portions of the building and to covered personal property, caused by collapse or sinking of land along the shore of a body of water as the result of erosion or undermining caused by waves or currents of water which exceed the cyclical levels and cause Flood.
- g. We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.
- h. We do not cover loss or damage by flood to personal property in the open.
- i. Property Not Covered, in the Coverage Form to which this endorsement is attached, is amended and supplemented as follows with respect to Flood Coverage:
 - (1) Property Not Covered includes any building or other property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 *et seq.* and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 *et seq.*
 - (2) Property Not Covered includes boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water.
 - (3) If bulkheads, pilings, piers, wharves, docks, or retaining walls that are not part of a building, have been removed from Property Not Covered and added as Covered Property by separate endorsement, the Flood Coverage provided by this endorsement does not apply to such property.

(4) The following are removed from Property Not Covered and are therefore Covered Property:

- (a) Foundations below the lowest basement floor or the subsurface of the ground; and
 - (b) Underground pipes, flues and drains.
- j. We will not pay for loss or damage caused by discharge of water or waterborne material from a sewer, drain or sump unless such discharge results from Flood and occurs within 72 hours after the Flood recedes.
- k. We will not pay for loss or damage to any property located in:
- (1) Flood Zone A and any subsets of Zone A, including, but not limited to: AE, AH, AO, AR, AR/A, AR/AE, AR/AO, AR/A1-A30, A1-A30, and A99, as defined by the Federal Emergency Management Agency; or
 - (2) Flood Zone V and any subsets of Zone V, including, but not limited to, VE and V1-V30, as defined by the Federal Emergency Management Agency.

3. Additional Coverages and Coverage Extensions

- a. With respect to Flood Coverage, the Debris Removal Additional Coverage (and any additional limit for Debris Removal under a Limit of Insurance clause or an endorsement) is not applicable and is replaced by the following:

Debris Removal

- (1) We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from Flood. However, we will not pay to remove deposits of mud or earth from the grounds of the described premises.
 - (2) We will also pay the expense to remove debris of Covered Property that has floated or been hurled off the described premises by Flood.
 - (3) This coverage for Debris Removal, as set forth in **C.3.a. (1)** and **C.3.a. (2)** above, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and loss or damage to Covered Property is the Limit of Insurance for Flood that applies to the Covered Property covered under this endorsement.
- b. With respect to Flood Coverage, the Coverage Extension for Newly Acquired or Constructed Property is amended by adding the following:
- (1) With respect to Flood Coverage, this Coverage Extension does not apply to any building or structure that is not fully enclosed by walls and roof.
 - (2) With respect to a building or structure covered under this Coverage Extension, the amounts of coverage stated in the Coverage Extension do not apply to Flood Coverage. Instead, the most we will pay for all loss or damage to property covered under this Coverage Extension is 10% of the Limit of Insurance as provided under this endorsement. Such coverage does not increase the Limit of Insurance for Flood.
- c. With respect to any applicable Additional Coverages and Coverage Extensions in the Coverage form to which this endorsement is attached, other than those addressed in **C.3.a.** and **C.3.b.** above, amounts payable under such other provisions, as set forth therein, do not increase the Limit of Insurance for Flood.

D. LIMITS OF INSURANCE

1. Earthquake and Volcanic Eruption

The Limit of Insurance shown in the Schedule above for Earthquake and Volcanic Eruption is the most we will pay over all locations for the total of all loss or damage in a 12 month period (starting with the beginning of the policy period), even if there is more than one Earthquake or Volcanic Eruption during that period of time. Thus, if the first Earthquake or Volcanic Eruption does not exhaust the Limit of Insurance, then the balance of that Limit of Insurance is available for any subsequent Earthquake(s) or Volcanic Eruption(s).

If a single Earthquake or Volcanic Eruption (as defined in Section **B.1.** of this endorsement) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to the following annual policy period will **not** apply to such Earthquake or Volcanic Eruption. Amounts payable under an Additional Coverage or Coverage Extension, as set forth in the applicable Coverage Form, do not increase the Limit of Insurance for Earthquake and Volcanic Eruption.

2. Flood

The Limit of Insurance shown in the Schedule above for Flood is the most we will pay over all locations for the total of all loss or damage that is caused by Flood in a 12 month period (starting with the beginning of the policy period), even if there is more than one Flood during that period of time. Thus, if the first Flood does not exhaust the Limit of Insurance, then the balance of that Limit of Insurance is available for any subsequent Flood(s).

If a single Flood (as defined in Section **C.1.** of this endorsement) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to the following annual policy period will **not** apply to that Flood.

E. ENSUING LOSS

1. Earthquake and Volcanic Eruption

In the event of covered ensuing loss, for example, loss caused by Fire, Explosion and /or Sprinkler Leakage which results from the Earthquake and/or Volcanic Action, the most we will pay for the total of all loss or damage caused by earthquake, volcanic action, fire, explosion and sprinkler leakage, is the Limit of Insurance applicable to Fire. We will **not** pay the sum of the Fire and Earthquake and Volcanic Action Limits.

2. Flood

In the event of covered ensuing loss, for example, loss caused by Fire, Explosion and/or Sprinkler Leakage which results from the Flood, the most we will pay for the total of all loss or damage caused by flood, fire, explosion and sprinkler leakage, is the Limit of Insurance applicable to Fire. We will **not** pay the sum of the Fire and Flood Limits.

F. DEDUCTIBLE

1. Earthquake and Volcanic Action

You are responsible for the Deductible shown in the Schedule above for each loss caused by Earthquake and Volcanic Action. The Deductible applies separately to the Earthquake and Volcanic Action Causes of Loss. We will pay the amount over the Deductible up to the applicable Limit of Insurance.

2. Flood

You are responsible for the Deductible shown in the Schedule above for each loss caused by Flood. The Deductible applies separately to the Flood Cause of Loss. We will pay the amount over the Deductible up to the applicable Limit of Insurance.

G. PERIOD OF RESTORATION

If the Business Income (And Extra Expense) Coverage Form is attached to this policy, the 72-hour time period in the:

1. Definition of "period of restoration" for the Business Income and Extra Expense coverages; and
2. Civil Authority Additional Coverage, applies, regardless of any other endorsements that reduce these time periods.

All other terms and conditions remain unchanged.

Authorized Representative

POLICY NUMBER: MCRD3819513A

EQUIPMENT BREAKDOWN SCHEDULE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL PROPERTY COVERAGE PART

Equipment Breakdown Coverage is subject to the Coverage Limits shown in the Declarations for "Real Property" and "Personal Property", except as specifically shown below.

Equipment Breakdown Coverage applies to all locations covered on the policy, unless otherwise specified.

Additional Coverages	Coverage Limits
Business Income and Extra Expense	Follows Commercial Property Coverage
Expediting Expense	\$100,000
Pollutant Clean Up and Removal	\$100,000
Spoilage	\$100,000
Electronic Data	\$100,000
Demolition and Increased Cost of Construction	\$100,000
Service Interruption	Included with Business Income, Extra Expense and/or Spoilage

Special Deductibles

The Property Deductible shown in the Declarations applies unless a special Deductible is shown below.

Combined, All Coverages

Property Damage Coverages

Business Income and Extra Expense Coverages hours

Other Conditions

All other terms and conditions remain unchanged.

EXHIBIT B



State of New York

Executive Chamber

No. 202.3

EXECUTIVE ORDER

CONTINUING TEMPORARY SUSPENSION AND MODIFICATION OF LAWS RELATING TO THE DISASTER EMERGENCY

WHEREAS, on March 7, 2020, I issued Executive Order Number 202, declaring a State disaster emergency for the entire State of New York;

WHEREAS, both travel-related cases and community contact transmission of COVID-19 have been documented in New York State and are expected to be continue;

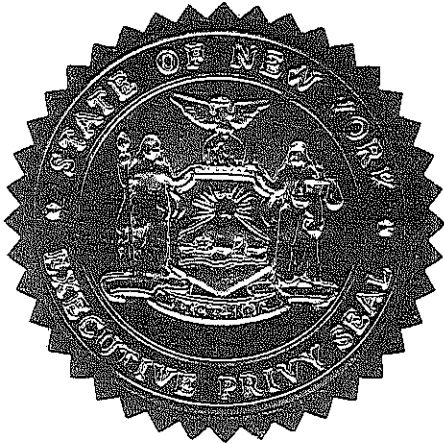
WHEREAS, one state acting alone cannot control the continued spread of this disease and it requires coordination and cooperation amongst the states; and

NOW, THEREFORE, I, Governor Andrew M. Cuomo, by virtue of the authority vested in me by Section 29-a of Article 2-B of the Executive Law to temporarily suspend or modify any statute, local law, ordinance, order, rule, or regulation, or parts thereof, of any agency during a State disaster emergency, if compliance with such statute, local law, ordinance, order, rule, or regulation would prevent, hinder, or delay action necessary to cope with the disaster emergency or if necessary to assist or aid in coping with such disaster, or to issue any directive during a disaster emergency necessary to cope with the disaster, I hereby issue the following directives and suspensions and modifications for the period from the date of this Executive Order 202.3 through April 15, 2020:

- The directive requiring large gatherings and events to be cancelled or postponed if they had anticipated attendance in excess of 500 people by virtue of Executive Order 202.1 dated March 12, 2020, is hereby amended and modified to require that any large gathering or event (concert, conference, worship service, performance before a large audience, etc.) shall be cancelled or postponed if more than fifty persons are expected in attendance, at any location in New York State until further notice.
- Any restaurant or bar in the state of New York shall cease serving patrons food or beverage on-premises effective at 8 pm on March 16, 2020, and until further notice shall only serve food or beverage for off-premises consumption. Notwithstanding any provision of the alcohol and beverage control law, a retail on-premises licensee shall be authorized for the duration of this Executive Order to sell alcohol for off-premises consumption, which shall include either take-out or delivery, subject to reasonable limitations set by the State Liquor Authority.
- Any facility authorized to conduct video lottery gaming, or casino gaming shall cease operation effective at 8 pm on March 16, 2020, and until further notice. For a Class III

Tribal Gaming enterprise or Class II Tribal Gaming enterprise, any facility should also close to the public until further notice.

- Any gym, fitness centers or classes, and movie theaters shall also cease operation effective at 8 pm on March 16, 2020 until further notice.
- No local government or political subdivision shall issue any local emergency order or declaration of emergency or disaster inconsistent with, conflicting with or superseding the foregoing directives, or any other executive order issued under Section 24 of the Executive Law and any local emergency order or any local administrative codes, charters, laws, rules or regulations, are hereby suspended with respect to any such order issued under such authority different or in conflict with Executive directives.



G I V E N under my hand and the Privy Seal of the
State in the City of Albany this
sixteenth day of March in the year
two thousand twenty.

BY THE GOVERNOR


Secretary to the Governor



EXHIBIT C



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

EMERGENCY EXECUTIVE ORDER NO. 98

DECLARATION OF LOCAL STATE OF EMERGENCY

March 12, 2020

EMERGENCY EXECUTIVE ORDER

WHEREAS, there is currently an outbreak of novel coronavirus disease 2019 (“COVID-19”), a respiratory illness, first detected in Wuhan City, Hubei Province, China, and it continues to expand with a growing number of international locations, including the United States. A “novel coronavirus” is a strain that has not been previously found in humans;

WHEREAS, on January 31, 2020, the United States Secretary of Health and Human Services announced a nationwide public health emergency to respond to COVID-19;

WHEREAS, on March 1, 2020, the City of New York confirmed its first case of COVID-19;

WHEREAS, on March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic, the first ever pandemic caused by a coronavirus;

WHEREAS, COVID-19 has been detected in thousands of people worldwide and can be spread from person to person. The City has been working to identify and test others in the City that have potentially been exposed to COVID-19;

WHEREAS, this worldwide outbreak of COVID-19 is emerging and rapidly evolving;

WHEREAS, the number of confirmed cases of COVID-19 has risen steadily;

WHEREAS, the City and all of its agencies are prepared to respond to COVID-19 and are committed to protecting the health and well-being of all New Yorkers;

WHEREAS, the City urges the public to stay home if they are ill and consult with their doctor if they are experiencing more severe symptoms such as shortness of breath, are older adults, or are any age with chronic medical conditions that increase the likelihood of more severe COVID-19 disease;

WHEREAS, the public is directed to call 311 if they are unable to contact a health provider to seek care for any reason;

WHEREAS, the City recommends all New Yorkers follow the Centers for Disease Control's stringent guidance for cleaning and disinfection;

WHEREAS, the City is working closely and coordinating with its agency partners, including the Metropolitan Transportation Authority and Port Authority of New York and New Jersey, as well as State and Federal officials to ensure that it is prepared and ready to address any future cases of COVID-19;

WHEREAS, the risk of community spread throughout New York City impacts the life and health of the public and public health is imperiled by the person-to-person spread of COVID-19; and

WHEREAS, on March 7, 2020, New York State Governor Andrew Cuomo declared a State disaster emergency for the entire State of New York to address the threat that COVID-19 poses to the health and welfare of New York residents and visitors;

NOW, THEREFORE, pursuant to the powers vested in me by the laws of the State of New York and the City of New York, including but not limited to the New York Executive Law, the Charter and Administrative Code of the City of New York, and the common law authority to protect the public in the event of an emergency, it is hereby ordered:

Section 1. State of Emergency. A state of emergency is hereby declared to exist within the City of New York.

Section 2. I hereby direct all agency heads, including Emergency Management, the Department of Health and Mental Hygiene, Community Affairs, Fire, Police, Sanitation, Buildings and Transportation to take all appropriate and necessary steps to preserve public safety and the health of their employees, and to render all required and available assistance to protect the security, well-being and health of the residents of the City.

Section 3. The State of Emergency shall remain in effect for a period not to exceed thirty days or until rescinded, whichever occurs first. Additional declarations to extend the State of Emergency for additional periods not to exceed thirty days will be issued if needed. The remainder of this Order shall remain in effect for five (5) days unless terminated at an earlier date. This Order may be extended for additional periods not to exceed five (5) days each during the pendency of the local state of emergency.

Section 4. This Executive Order shall take effect immediately.


Bill de Blasio,
MAYOR

EXHIBIT D



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

EMERGENCY EXECUTIVE ORDER NO. 99

March 15, 2020

EMERGENCY EXECUTIVE ORDER

WHEREAS, on March 7, 2020, New York State Governor Andrew Cuomo declared a State disaster emergency for the entire State of New York to address the threat that COVID-19 poses to the health and welfare of New York residents and visitors; and

WHEREAS, Emergency Executive Order No. 98, issued March 12, 2020, contains a declaration of a state of emergency in the City of New York due to the threat posed by COVID-19 to the health and welfare of City residents, and such declaration remains in effect for a period not to exceed thirty (30) days or until rescinded, whichever occurs first; and

WHEREAS, the reduction of opportunities for the person-to-person transmission of COVID-19 in meetings and other gatherings is necessary to combat the spread of this disease; and

WHEREAS, on March 13, 2020, Governor Cuomo issued Executive Order No. 202.1, whereby he directed, in part, that large gatherings and events shall be cancelled or postponed, and that the maximum occupancy of places of business or public accommodation shall operate at no greater than fifty percent occupancy, and no greater than fifty percent of seating capacity;

NOW, THEREFORE, pursuant to the powers vested in me by the laws of the State of New York and the City of New York, including but not limited to the New York Executive Law, the New York City Charter and the Administrative Code of the City of New York, and the common law authority to protect the public in the event of an emergency, and in accordance with Executive Order No. 202.1 issued by Governor Cuomo on March 13, 2020:

Section 1. In order to avoid the mass congregation of people in public places and to reduce the opportunity for the spread of COVID-19, any large gathering or event for which attendance is anticipated to be in excess of five hundred people shall be cancelled or postponed.

Section 2. All places used for the gathering of any number of persons for purposes such as civic, social or religious functions, recreation, food or drink consumption, or similar group activities shall operate at no greater than fifty percent occupancy and no greater than fifty percent of seating capacity. Furthermore, in order to promote social distancing, places where such events are held shall not close off any portion of the area to which the occupancy or seating capacity limit applies. Any occupancy that exceeds the limits established by this Order shall be subject to the fines, levies, or other penalties that

would apply if the maximum occupancy or seating capacity limit established for the relevant space and in effect prior to this Order had been violated.

Section 3. All gatherings or events for which attendance is anticipated to be fewer than five hundred people shall operate at no greater than fifty percent occupancy, and no greater than fifty percent of seating capacity. Furthermore, in order to promote social distancing, places where such events are held shall not close off any portion of the area to which the occupancy or seating capacity limit applies. Any occupancy that exceeds the limits established by this Order shall be subject to the fines, levies, or other penalties that would apply if the maximum occupancy or seating capacity limit established for the relevant space and in effect prior to this Order had been violated.

Section 4. The directives set forth in sections 1 through 3 of this order shall not apply to:

- a. a private dwelling, school, hospital, nursing home, other medical office or facility as determined by the New York State Commissioner of Health, mass transit or mass transit facility, governmental facility, law enforcement facility, or retail establishments including grocery stores, or
- b. the High Line Park and other public parks, public spaces and trails under the jurisdiction of the Department of Parks and Recreation, except for any enclosed area within such a park, public space or trail that otherwise falls under the provisions of section 2 of this Order and events held in such places where the attendance is anticipated to be in excess of five hundred people.

Section 5. I hereby direct the Fire Department of the City of New York, the New York City Police Department, and the Department of Buildings, and other agencies as needed to immediately enforce the directives set forth in this order in accordance with their lawful enforcement authorities, including but not limited to Administrative Code §§ 15-227(a), 28-201.1, and section 107.6 of the New York City Fire Code.

Section 6. In accordance with Executive Law § 24, any person who knowingly violates the provisions of this order shall be guilty of a class B misdemeanor.

Section 7. This Emergency Executive Order shall take effect immediately, and shall remain in effect for five (5) days unless it is terminated or modified at an earlier date.



Bill de Blasio,
MAYOR

EXHIBIT E

CHUBB®

Eastern Claim Service Center
600 Independence Parkway
Chesapeake, VA 23320
O: (800) 252-4670
F: (800) 664-5358
E: andrew.glover@chubb.com

Mailing Address
P.O. Box 4700
Chesapeake, VA 23327-4700

May 12, 2020

VIA Email To: kg@wallse.com

Schatzi Corp DBA Wallsekg715
C/O KGNV Restaurant Group
344 W 11th Street
New York, NY 10014
Attention: Mr. Kurt Gutenbrunner

Re: Insured: Schatzi Corp DBA Wallsekg715
Policy Number: D3819513A
Claim Number: KY20K2214729
Date of Loss: March 12, 2020 as reported
Cause of Loss: COVID-19/Coronavirus
Loss Location: See below
Writing Company: Indemnity Insurance Company of North America

Dear Mr. Gutenbrunner,

Thank you for your communication regarding the governmental orders impacting your business and the related income loss. Indemnity Insurance Company of North America (“Chubb”) has completed its factual investigation given the information provided and offers the following comments with respect to coverage for this loss.

The Loss

On March 17, 2020, we received report of your business interruption claim for income loss resulting from the COVID-19/Coronavirus. On April 17, 2020 we spoke, and you advised that you have shut down all three of your restaurants as a result of city mandated closings for ‘non-essential’ businesses. You reported that the affected locations are as follows:

- Loc 1 344 W 11th Street, New York, NY 10014
- Loc 2 1048 5th Ave New York, NY 10028
- Loc 3 713-715 Washington Street, New York, NY 10014

We have reviewed the facts of the loss as presented and the orders of civil authority impacting your business. This included a review of the Orders issued by New York Governor Cuomo and New York City Mayor de Blasio in place at the time of this letter. Based upon this review, it appears that the primary goal of the Orders issued by governmental officials impacting your operations were to curtail the spread of the COVID-19 virus. Executive Order #100 from Mayor

de Blasio also states that COVID-19 has a propensity to spread person to person and that the virus physically is causing property loss and damage.

It does not appear, however, that this order was issued as the result of any particular physical loss or damage either at your premises or within any specific geographical range of your premises; nor are we aware of the existence of any such physical loss or damage. Thus, based on the information currently within our possession, Chubb is unaware of physical loss of or damage that would implicate coverage in this matter. Nevertheless, if you have evidence that your claimed loss was the result of physical loss or damage at or within any geographical range of your premise set forth in the policy, please let us know and we will consider that evidence.

The Policy

Indemnity Insurance Company of North America issued Policy No. D3819513A to Schatzi Corp DBA Wallse, with the effective dates of coverage October 12, 2019 to October 12, 2020. Coverage is written on **CP 00 10 10/12 BUILDING AND PERSONAL PROPERTY COVERAGE FORM** and **CP 00 30 10/12 BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM**. The reported loss locations have Business Income and Extra Expense Coverage, subject to the terms and conditions of the policy. The policy wording is cited below in order of reference.

Analysis of Policy Provisions Relevant to Claim

CP 00 10 10/12 BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

CP 00 30 10/12 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

A. Coverage

1. Business Income

...

We will pay for the actual loss of Business Income you sustain due to the necessary “suspension” of your “operations” during the “period of restoration”. The “suspension” must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

CP 01 78 08/08 NEW YORK – EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that compromise this Coverage Part, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
However, this exclusion does not apply to loss or damage caused by or resulting from “fungus”, wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part.
- C. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part.

As indicated above, we have not received any information which suggests that there was or is any direct physical loss of or damage to Covered Property at your described premises. Accordingly, the terms of the quoted Business Income insuring agreements have not been met, and the coverage does not apply.

Additionally, as it relates to the policy’s Additional Coverage for Civil Authority, no evidence has been provided that would indicate that any direct physical loss of or damage to other property within one mile of your premise has occurred. Rather, it is our understanding that governmental authorities prohibited ‘non-essential’ businesses from operating as a precaution to prevent the spread of the COVID-19 virus. Accordingly, the terms of the quoted Civil Authority

insuring agreements have not been met, and the coverage does not apply. In addition, the above cited endorsement adds an exclusion applying to loss or damage caused by or resulting from any virus that induces or is capable of inducing physical distress, illness or disease. COVID-19 is a virus that meets the criteria of this additional exclusion therefore also precluding coverage for your loss.

In addition, our review of your policy, as confirmed by discussions with your agent, has determined that Location 2, situated at 1048 5th Ave New York, NY, never had coverage for Building, Personal Property or Business Income, but was insured for liability only. That location was completely removed from the policy via endorsement, effective February 3, 2020. Since the location was removed prior to the reported date of loss, there is no coverage in effect for that business related to the current loss.

Based on the above cited policy wording and analysis, Chubb must deny coverage under your policy of insurance.

Without waiver of the declination of coverage set forth in this letter, the Policy also contains the following exclusion:

First, contained within the **CAUSES OF LOSS – SPECIAL FORM, CP 10 30 10/12:**

B. Exclusions

2. We will not pay for loss or damage caused by or resulting from any of the following:

b. Delay, loss of use or loss of market.

Chubb reserves the right to rely and/or assert the foregoing exclusion in connection with this claim.

This letter only addresses those provisions that appear pertinent at this time in light of the facts currently known to us. If there is any additional information that may affect our position or analysis, please forward such information.

Chubb reserves all rights with regard to the above referenced provisions as well as all other rights, remedies and defenses under the Policy, at law and in equity. Nothing contained in this letter, and no action on our part or the part of independent adjusters or experts retained on our behalf in investigating and adjusting your claim, should be construed as an admission of coverage or as a waiver of any right, remedy or defense that may be available to Chubb.

If you have any questions or disagree with any aspect of the aforementioned, please do not hesitate to contact the undersigned immediately.

Sincerely,

Andrew Glover

Andrew Glover
Claim Director
Indemnity Insurance Company of North America
(215) 578-7044 Phone
(800) 664-5358 Fax
andrew.glover@chubb.com

cc: HUB International Northwest LLC
100 Sunnyside Blvd
Woodbury, NY 11797

Innovative Coverage Concepts, LLC
8 Wood Hollow Road, Suite 301
Parsippany, NJ 07054